

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

March 10, 2011

NOTICE
OF
CONTRACT NO. 071B1300215
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (703) 251-8500 Bruce L. Caswell		
MAXIMUS Health Services, Inc. 11419 Sunset Hills Road Reston, Virginia 20190 brucecaswell@maximus.com		CONTRACTOR NUMBER/MAIL CODE		
		BUYER/CA (517) 241-3768 Lance Kingsbury		
Contract Compliance Inspector: Penny Saites (517) 335-5096 Enrollment Broker Services – Department of Community Health				
CONTRACT PERIOD: From: April 1, 2011 To: March 31, 2017				
TERMS N/A	SHIPMENT N/A			
F.O.B. N/A	SHIPPED FROM N/A			
MINIMUM DELIVERY REQUIREMENTS N/A				
MISCELLANEOUS INFORMATION:				

TOTAL ESTIMATED CONTRACT VALUE: \$87,810,275.00

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MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of RFP #071I00200235, this Contract Agreement and the Contractor's quote dated 11/24/2010. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.		
Estimated Contract Value: \$87,810,275.00		

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the RFP No. 071I0200235. Orders for delivery will be issued directly by the Department that ordered the service through the issuance of a Purchase Order Form.

FOR THE CONTRACTOR:

MAXIMUS Health Services, Inc.
Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature
Lance Kingsbury – Buyer Specialist

Name/Title
Purchasing Operations

Division

Date



STATE OF MICHIGAN
Department of Technology Management and Budget
Purchasing Operations

Contract No. 071B1300215

Enrollment Broker Services

Buyer Name: Lance Kingsbury
Telephone Number: 517.241.3768
E-Mail Address: kingsburyl@michigan.gov



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DEFINITIONS

24x7x365 means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

ABW refers to the Adult Benefits Waiver – a program authorized through a federal Section 1115 Medicaid demonstration waiver that provides a limited package of basic health care benefits to uninsured childless adults. To be eligible, applicants must be 19 through 64 years of age, uninsured and ineligible for other Medicaid programs, have income below a specified threshold and meet Medicaid citizenship requirements. The DHS calls this the Adult Medical Program (AMP).

Additional Service means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

Audit Period means the seven year period following Contractor's provision of any work under the Contract.

BBA means the Balanced Budget Act of 1997 (Public Law 105-33). The BBA established the rules and regulations for the federal Section 1915(b) waiver under which the CHCP is administered.

BCCPT means Breast and Cervical Cancer Prevention and Treatment and refers to a federal law that allows states to provide Medicaid coverage for women screened and determined to have breast or cervical cancer.

Beneficiary means a person determined eligible to receive benefits from one of the health care programs administered by DCH.

Bidder(s) are those companies that submitted a proposal in response to the RFP.

Bridges refers to the integrated computer system used by staff in DHS for enrolling people into Medicaid and other programs including cash assistance and social services.

Business Day means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00 a.m. EST through 5:00 p.m. EST unless otherwise stated.

Blanket Purchase Order is an alternate term for Contract and is used in the Plan Sponsors' computer system.

CCI means Contract Compliance Inspector.

CFR means the Code of Federal Regulations – a repository of promulgated regulations that relate to federal law.

CHAMPS means the Community Health Automated Medicaid Processing System – Michigan's MMIS.

CHCP means the Comprehensive Health Care Program – a capitated program of health care services for Medicaid beneficiaries in Michigan authorized by a federal CMS-approved Section 1915(b) waiver. Services are delivered through contracted MHPs.

CHIP means the Children's Health Insurance Program – a program of health care services authorized by Title XXI of the Social Security Act. The program is primarily for children under the age of 19 who do not qualify for Medicaid because of income. In Michigan, the MICHild program is funded by CHIP.

CHP means County Health Plan – a term referring to the health plans that deliver services to beneficiaries enrolled in the ABW program.



CMHSP means Community Mental Health Services Provider – a community mental health agency, community mental health organization or community mental health authority provider that meets the requirements of the Michigan Mental Health Code (MCL 330.1232a).

CMS means the Centers for Medicare & Medicaid Services, within the US Department of Health and Human Services – the federal agency responsible for Medicaid.

CRM means Customer Relationship Management, an Oracle (Siebel) product – essentially a secure email and tracking system embedded within CHAMPS through which information is transferred, such as referrals for action between staff, contractors and providers.

CSD means the Customer Services Division within the Medical Services Administration.

CSHCS means Children's Special Health Care Services – a program of health care and supportive services for children with qualifying medical conditions authorized by Title V of the Social Security Act.

Days means calendar days unless otherwise specified.

DEG means Data Exchange Gateway.

Deleted/NA means that section is not applicable or included in the Contract. This is used as a placeholder to maintain consistent numbering.

Deliverable means physical goods and/or services required or identified in a Statement of Work.

DHS means the Michigan Department of Human Services and its designated agents.

DTMB means the Michigan Department of Technology, Management and Budget.

EFT means Electronic Funds Transfer.

Enrollee means a beneficiary enrolled and receiving services through one of the health plans contracted with the State to deliver health care services.

Environmentally Preferable Products means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to: those which contain recycled content, minimize waste, conserve energy or water and reduce the amount of toxics either disposed of or consumed.

ESO means Emergency Services Only Medicaid coverage.

FTW means Freedom to Work – a Medicaid program designed to allow certain disabled beneficiaries dually eligible for Medicare to increase their earnings without losing their health care benefits. The program is authorized under the federal Ticket to Work and Work Incentives Improvement Act (TWWIIA).

Healthy Kids refers to a Medicaid health care program for low-income children under age 19 and pregnant woman of any age. Income eligibility limits are higher than for the traditional Medicaid population.

HIPAA means the Health Insurance Portability and Accountability Act of 1996. Among other provisions, this federal law established requirements for the protection of personal health information and mandated the use of standardized and electronic coding configurations and claim formats for health care services.

HMO means Health Maintenance Organization. All MHPs contracted to serve Medicaid beneficiaries are HMOs licensed to operate in Michigan.

Incident means any interruption in any function performed for the benefit of a Plan Sponsor.



IVRS means Interactive Voice Response System – a mechanism that allows Medicaid beneficiaries to verify Medicaid eligibility and managed care enrollment status.

Key Personnel means any personnel identified in **Section 1.031** as Key Personnel.

MCL means Michigan Compiled Laws – a repository of Michigan laws.

MDCH means the Michigan Department of Community Health and its designated agents.

Medicaid means the health care program for categorically eligible low-income persons authorized in federal law by Title XIX of the Social Security Act as amended (42 USC 1396 et seq.) and in Michigan law by the Social Welfare Act (MCL 400.1 et seq.). The program is administered by the state but jointly funded by the federal government.

Medicare means the health insurance program for elderly and disabled persons authorized by Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.). The program is funded by the federal government and administered by contracted intermediaries.

MHP means Medicaid Health Plan – a term referring to the HMOs contracted to provide or arrange for the delivery of health care services to Michigan Medicaid beneficiaries in exchange for a fixed (capitated) prepaid monthly amount without regard for the frequency, extent or kind of health care services required.

MICHIGAN ENROLLS is the name given by DCH to the health plan enrollment activity, including the toll-free telephone line.

MiChild refers to Michigan's program of health care services for uninsured children of Michigan's working families. To be eligible, the children must be younger than 19 years of age, not Medicaid eligible, have income below a specified threshold and meet established citizenship requirements. Certain pregnant women also qualify for the program.

Mihealth card refers to DCH's proprietary semi-permanent magnetic stripe plastic card called the "mihealth card" provided to beneficiaries eligible for several of the health care programs under the purview of DCH.

MMIS means the Medicaid Management Information System, the operating system used to administer the Medicaid program. Michigan's MMIS is CHAMPS.

MOMS means Maternity Outpatient Medical Services and is a program of outpatient pregnancy-related services during the prenatal and 60-day postpartum period as well as inpatient delivery-related services. To be eligible, women must be pregnant and have income below a specified threshold. Pregnant women covered by the Medicaid ESO program may also qualify.

MSA means the Medical Services Administration, within the Michigan Department of Community Health. The MSA is responsible for administration of the Medicaid program in Michigan.

New Work means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, such that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.

PCP means Primary Care Provider – a term referring to those providers within the MHPs designated as responsible for providing or arranging health care for specified enrollees of the contracted MHP.

PIHP means Prepaid Inpatient Health Plan – a term referring to the organizations contracted to provide or arrange for the delivery of mental health and substance abuse services to Medicaid beneficiaries in exchange for a fixed prepaid monthly amount. PIHPs must be certified as a CMHSP by DCH and may be a single CMHSP or the lead agency in an affiliation of CMHSPs.



Plan First refers to Michigan's limited benefit Medicaid program of family planning services.

RFP means a Request for Proposal designed to solicit proposals for services.

Services means any function performed for the benefit of the State.

SLA means Service Level Agreement.

State Location means any physical location where the State performs work. State Location may include state-owned, leased or rented space.

Subcontractor means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

Unauthorized Removal means the Contractor's removal of Key Personnel without the prior written consent of the State.

USC means United States Code – a repository of federal laws.

Work in Progress means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

Work Product refers to any data compilations, reports, and other media, materials or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by the Contract.



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Contract for a Beneficiary Services Contractor (the “Contractor”) to perform a broad range of tasks associated with the health care programs administered by the Michigan Department of Community Health (MDCH). Generally stated, these tasks include:

- Maintaining an appropriately staffed Beneficiary Helpline that handles general inquiries regarding all aspects of programs under the purview of MDCH, as well as other help lines for specific services (e.g., health plan enrollment) and programs (e.g., MICHild);
- Developing and disseminating enrollment packets, educational materials and other informational literature pertinent to the health care programs administered by MDCH and providing enrollment assistance to beneficiaries as they choose health plans;
- Maintaining an automated enrollment/disenrollment system and responding to beneficiary requests to change or disenroll from a health plan;
- Developing and maintaining working relationships with other State and local agencies that interact with beneficiaries enrolled in the health care programs under the purview of MDCH;
- Assuring ongoing knowledge of the health and dental plans into which beneficiaries are enrolled;
- Evaluating applications and making recommendations of beneficiary eligibility to MDCH or its designee for non-Medicaid health care programs;
- Maintaining an online application system for beneficiaries and designated agencies;
- Providing an eligibility verification system for beneficiaries;
- Handling premium collection for selected health care programs;
- Distributing Mihealth cards to beneficiaries newly eligible for health care programs and as necessary due to program changes or the loss of cards; and
- Maintaining a management information system with full functionality to comply with MDCH's specified requirements.

The Contract is to be effective April 1, 2011 through March 31, 2017. The period through March 31, 2011 will be for implementation and transition for the Contractor; no payment will be made to the Contractor during this period. The Contractor must begin providing all Services, without interruption, on April 1, 2011.

1.012 Background

Within MDCH, the MSA's Bureau of Medicaid Operations and Quality Assurance, and specifically the CSD within that bureau, has responsibility for providing information, assistance and operational support for all beneficiaries receiving benefits through the health care programs under MDCH's purview. This function involves the responsibility for answering questions, providing information, communicating with beneficiaries should there be changes in programs or coverage, resolving complaints, operating an automated process for enrolling and disenrolling beneficiaries in health plans and providing assistance and education for beneficiaries in their selection of an appropriate health plan. In essence, CSD staff is responsible for the entire spectrum of customer services for the health care programs.

By early 2010, there were more than 1.95 million beneficiaries receiving benefits through the various health care programs administered by MDCH and the department's budget for fiscal year 2009-2010 totaled more than \$13 billion, with about 70 percent of that amount dedicated to paying for medical services (excluding mental health and substance abuse services) for the Medicaid population. The purpose of the Contract is to obtain the services of a Beneficiary Services Contractor to perform a broad range of administrative tasks to support beneficiaries receiving benefits through these health care programs. The programs currently include Medicaid, Healthy Kids Medicaid, MICHild, Freedom to Work (FTW) Medicaid, Adult Benefits Waiver (ABW), Maternity Outpatient Medical Services (MOMS), Plan First Medicaid and Children's Special Health Care Services (CSHCS). There are also other smaller programs serving specifically targeted populations. MDCH health care programs are subject to State and/or federal approval and appropriations, and may change at any time. The Contract will apply to all of these programs and potentially to additional federally or state-mandated programs developed and administered by MDCH during the term of the Contract. Certain MDCH health care programs may be terminated before



the end of the Contract, and the Contractor's responsibilities under the Contract must adjust accordingly. Remaining programs may be modified as a result of new requirements under federal or state health reform and, depending upon the nature of the modifications may be considered by the State to be within the scope of the Contract.

Medicaid beneficiaries by far make up the largest share of the 1.95 million beneficiaries served, at more than 1.87 million, and almost 60 percent of these beneficiaries receive their medical health care (excluding dental, mental health and substance abuse services) through contracted Medicaid Health Plans (MHPs). There are 14 MHPs with at least one health plan serving every county in the State. Currently there are certain Medicaid population groups excluded from managed care enrollment, however there are plans to end some of these exclusions. For other populations, managed care enrollment is voluntary. It is anticipated that Medicaid beneficiaries dually eligible for Medicare ("duals") may soon be given the option to enroll in MHPs and that children in foster care will be required to receive their health care through the MHPs beginning in late 2010. There are approximately 198,000 duals who will be impacted by this change and about 16,000 children in foster care.

There were approximately 30,000 children younger than age 19 and several hundred pregnant women (eligible through coverage for unborn children) receiving care through the contracted MIChild health plans in early 2010. There are seven health plans contracted; Blue Cross Blue Shield of Michigan provides or arranges care for about 88 percent of this population.

The FTW population, eligible for Medicaid through the federal Ticket to Work and Work Incentives Improvement Act (TWWIIA), numbers approximately 4,100 with only a handful currently required to pay monthly premiums in order to maintain their Medicaid eligibility. A policy change under consideration could increase both the eligible population and the number required to pay premiums. A portion of this population currently receives care on a fee-for-service basis due to Medicare coverage, but could move to managed care later in 2010 with other duals.

Michigan has also chosen to provide full Medicaid benefits to women determined eligible through the State's BCCPT Program. These women are not enrolled in MHPs and receive their health care on a fee-for-service basis.

The ABW program provides a limited benefit package for childless adults with very low income who are between the ages of 19 and 64 and do not qualify for other Medicaid programs. This is also called the Adult Medical Program (AMP) by the DHS. Irrespective of the name, enrollment in this program fluctuates dramatically during any given year as adults meeting eligibility criteria are only able to enroll during specified open enrollment periods. As an example, enrollment during calendar year 2009 ranged from a low of 41,479 just prior to an open enrollment period to 87,358 shortly after the enrollment period ended. The vast majority of these beneficiaries (about 90 percent) reside in the 73 counties collectively served by 28 CHPs that provide or arrange for their limited health care services.

Beneficiaries in the CSHCS program who are also eligible for Medicaid (approximately 19,000 in early 2010) currently receive their health care on a fee-for-service basis, however it is anticipated that this population will be allowed to enroll in the MHPs beginning in the fall of 2010.

Pregnant women eligible for the prenatal and post natal care offered through the MOMS program, primarily low-income uninsured women who cannot meet Medicaid eligibility criteria, receive their care on a fee-for-service basis; this population included approximately 2,700 women in early 2010. The women covered by the State's Plan First program, approximately 52,000 in early 2010, receive only family planning services and do so on a fee-for-service basis. The Plan First program has operated under authority of a Section 1115 waiver approved by the federal CMS since implementation in 2006 but the program may be changed to State Plan authority in the near future. Such a change could increase the number of individuals eligible for this program.

1.020 Scope of Work and Deliverables



1.021 In Scope

The Contractor is responsible for a number of different administrative responsibilities that will vary by population. The Contractor must perform, at a minimum, the following major tasks:

- A. **Beneficiary Helpline** – The Contractor must maintain an appropriately staffed Beneficiary Helpline to provide information and answer questions regarding all health care programs administered by MDCH in a consistent, timely and culturally-competent manner. This toll-free telephone helpline must adhere to standards established by MDCH regarding staff knowledge of policies and practices as they relate to beneficiaries, promptness of response, accuracy of information and ability to transfer contacts to and receive contacts from MDCH via a specified CRM system. Staff on the helpline must also assure that MDCH-approved informational materials and forms requested by beneficiaries are mailed in a timely manner.
- B. **Health Plan Enrollment Information, Education and Assistance** – The Contractor must maintain an appropriately staffed enrollment information and education function for beneficiaries for whom managed care enrollment is voluntary or required. This function will include, at a minimum, a toll-free telephone line that is separate from the Beneficiary Helpline, local enrollment/education offices and statewide outreach programs. The Contractor may provide this function directly, subcontract with existing local entities or a combination of both with approval from the State. The enrollment and education function must also include development and provision of MDCH-approved enrollment packets, educational materials and other pertinent informational literature, and notification of all enrollment changes and automatic assignment to health plans. The Contractor must assist beneficiaries in selecting an appropriate health plan that meets their individual needs. The Contractor must adhere to MDCH's specified standards of promptness for enrollments, eligibility review and appropriate notice to applicants as to status of applications and requests for information or assistance.
- C. **Automated Enrollment/Disenrollment** – The Contractor must provide an automated enrollment/disenrollment system for Medicaid and other health programs under MDCH's purview as determined appropriate by MDCH staff. The automated enrollment function must be capable of managing enrollments for newly eligible beneficiaries, enrollment changes for beneficiaries electing to change health plans and auto-assignment of beneficiaries to a health plan if they do not make a specific choice of plan.
- D. **Mailing Services** – The Contractor must provide a wide variety of enrollment packets, letters and informational pamphlets, literature and forms to applicants for and beneficiaries enrolled in the health care programs administered by MDCH. Mass mailings at the request of MDCH on specific policies, procedures or changes may also be required periodically, with reimbursement determined at that time based on volume.
- E. **Outreach and Cooperation with Agencies** – The Contractor must develop and maintain working relationships with the local DHS offices, local health departments and other relevant community agencies that interact with the beneficiaries of any health care program under the purview of MDCH. The Contractor must assure that these agencies are informed of enrollment, disenrollment and change protocols as well as any other relevant information applicable to health care program enrollment.
- F. **Familiarity with Health Plans** – The Contractor must work closely with and be familiar with the health and dental plans into which beneficiaries are enrolled. For Medicaid this also includes familiarity with each MHP's provider panels and networks. The Contractor must also maintain up-to-date information regarding which plans are available and their service areas. The Contractor, MDCH and the plans will interact on a regular basis to assure open communication and prompt problem resolution.
- G. **Health Care Program Administration** – The Contractor must assure appropriate staffing and supports to receive and review in accordance with MDCH policies and procedures all applications for coverage by various health care programs under the purview of MDCH, including but not limited to MICHild. Based on the review and the program involved, the Contractor must either recommend



approval or denial of eligibility or refer the applicant's information to MDCH or its designee for a final determination of eligibility.

- H. **Online Application System** – The Contractor must maintain an online application system that allows beneficiaries and designated agencies to submit applications electronically for selected programs. The system must adhere to specifications established by MDCH.
- I. **Interactive Voice Response System (IVRS)** – The Contractor must provide and maintain an IVRS designed in a manner compliant with the HIPAA of 1996 to give beneficiaries information about their health care program eligibility, including, but not limited to: current eligibility status, current health plan enrollment and other information as determined by MDCH.
- J. **Premium Collection** – The Contractor must provide and maintain a premium collection system with sufficient staffing and supports for the various premium-based health care programs administered by MDCH. The policies and processes must be compliant with protocols established by MDCH and include timely reporting and fiscal controls in accordance with generally accepted standards and MDCH requirements.
- K. **Mihealth Card Service** – The Contractor must provide sufficient staffing and supports to generate mihealth cards to beneficiaries in accordance with MDCH criteria. New and replacement mihealth cards must be produced and mailed as necessary on a daily basis.

1.022 Work and Deliverable

The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below. There are a number of separate, but interrelated tasks and deliverables required in the Contract, as well as a number of sub-tasks. The tasks and deliverables, other than required reports specified in **Section 1.042**, are identified in this section. One or more of these tasks could be eliminated during the term of the Contract and, as indicated in this section, modifications of the tasks may also occur during the Contract period.

A. Beneficiary Helpline

The Contractor must manage a Beneficiary Helpline call center capable of handling approximately 56,000 calls per month during the first year of the Contract.

The Beneficiary Helpline telephone number, 1-800-642-3195, is owned by MDCH and all calls will be automatically transferred to the Contractor via a local telephone line. The Contractor must maintain the local telephone line.

1. General Requirements

The Contractor must ensure that the Beneficiary Helpline is accessible from out of state and from cell phones. The Contractor must also assure that the Beneficiary Helpline is equipped with a telecommunications device for the hearing impaired (TTY/TDD) and translation services must be available for non-English speaking callers. A voice mailbox must be available for after hours with a callback made the next business day; the voice mailbox must also be designed to accommodate non-English speaking callers as well as those with sensory deficiencies.

Any required T1 lines must be provided at the Contractor's expense.

The Beneficiary Helpline call center must be available to accept calls Monday through Friday from 8:00 a.m. to 7:00 p.m. (Eastern Standard/Daylight Time). The Contractor will not be required to provide services on any official holidays for which the State of Michigan has closed its offices. The Contractor will be notified by MDCH each year of the list of official State holidays. The Contractor must notify MDCH within 30 minutes of any unscheduled call center down time.

2. Phone Counselors

The Contractor must ensure the availability of phone counselors trained to address questions or issues regarding each of the health care programs administered by MDCH. Phone counselors must be sensitive to the possible cultural differences and special medical needs of these populations.



The Contractor must develop position descriptions for the call center's phone counselors, which must include the following criteria:

- Education/experience in working with consumers, including working with special needs populations and/or working with families of special needs children;
- Background/training in a health care related field;
- Demonstrated knowledge of health care insurance, Medicaid, MICHild, CSHCS, MOMS and the other health care programs administered by MDCH, or similar programs being administered in other states;
- Significant background and training in the managed care industry; and
- Education/experience working with computer applications.

The Contractor must adhere to these criteria when hiring staff and share resumes and position descriptions with the State upon request.

The Contractor must assure that its phone counselors receive additional training to enable them to provide accurate responses regarding all health care programs administered by MDCH. Copies of training materials, schedules and documentation of staff attendance must be available to MDCH upon request.

The phone counselors must identify the caller's issue and respond to or refer the call appropriately. Calls to the Beneficiary Helpline cover various subjects, including, but not limited to the following:

- General questions that must be either responded to or referred elsewhere for information or action;
- Requests for informational material or forms that require the Contractor's call center staff to mail the requested documents;
- Complaints that must be transferred to MDCH via the CRM tracking system or other inquiries that may require transfer via the CRM system to various areas within MDCH, such as the Enrollment Services Section, the Third Party Liability Division or the Medicare Buy-In Unit;
- Inquiries related to a wide range of topics including but not limited to billing, exceptions from health plan enrollment, benefit coverage and limitation policies applicable to the various health care programs, mihealth cards, Medicare and coordination of benefits with other insurance, and the Contractor's phone counselors must be able to provide accurate responses or transfer calls elsewhere for resolution; and
- Requests that require the Contractor's call center staff to provide information regarding additional resources available to assist beneficiaries.

The Contractor must ensure that its phone counselors treat all callers with dignity. The callers' need for privacy must be respected and HIPAA guidelines followed. The phone counselors must be able to process general inquiries and complaints regarding all of the health care programs administered by MDCH. The phone counselors must also be able to assure that any informational material or forms requested during a call are immediately (no later than the next business day) mailed by call center staff.

When a beneficiary phone call requires follow-up by the CSD or another division within MDCH, the phone counselor must log the call into the CRM and request a call back to the beneficiary from the appropriate division.

3. Standards

The Contractor must assure that the telephone call center staffing level and the telephone system design, including the number of T1 lines, are adequate to fulfill the standards of promptness and quality listed below:

- All telephone calls must be answered within four rings (a call pick-up system that places the call in a queue may be used);
- Telephone calls must be of sufficient length to assure that all necessary information to respond to the inquiry is communicated to the caller;
- The wait time in the queue must not be longer than three minutes; and



- The abandoned (dropped) call rate must not exceed five percent of the Contractor's total call volume.

4. Assuring Knowledge is Current

All mailings from MDCH include the Beneficiary Helpline number for questions regarding the mailings. Therefore, new topics and issues arise often and the Contractor's phone counselors in the telephone call center must stay up-to-date on all issues so callers are given current and accurate information. All calls are to be logged on the MDCH-specified CRM system to enable MDCH staff to track the various types and reasons for calls as well as the beneficiaries and providers involved.

The Contractor must have a desk reference available for phone counselors. This desk reference must include necessary and current information enabling a response to callers with general inquiries and complaints. Maintenance of this desk reference will require extensive knowledge of the policies and procedures applicable to all health care programs under the purview of MDCH, as well as the policies and procedures utilized by its designee for Medicaid eligibility determination, DHS. Prior to its initial use, the desk reference must be approved by MDCH, and the document must be sent to MDCH on a monthly basis or more frequently upon request. MDCH will provide policy clarification and guidance to the Contractor as necessary and requested.

5. Distribution and Receipt of Forms, Publications and Correspondence

All requests for pamphlets, literature and forms must be processed timely and documents mailed at the Contractor's expense. In addition to calls received on the Beneficiary Helpline, the Contractor's call center staff will receive correspondence and forms from beneficiaries or their representatives. The Contractor must have staff and supports available to process these documents as appropriate. In addition to applications, the Contractor can expect to receive these and other forms: Beneficiary Complaint Form, Request for Exception to Managed Care and Special Disenrollment for Cause. The forms and correspondence received must be documented on the CRM system and transferred to the appropriate area within MDCH.

B. Health Plan Enrollment Information, Education and Assistance

The Contractor must process enrollments, disenrollments and changes in health plan enrollment for more than 1.2 million Medicaid beneficiaries and an annual average of 60,000 ABW beneficiaries. This enrollment activity must be conducted through MICHIGAN ENROLLS, the health plan enrollment toll-free telephone number managed by the Contractor. The current toll-free telephone number is 1-888-367-6557 and is expected to receive an average of 38,000 calls per month during the first year of the Contract. The general requirements and standards of promptness and quality that apply to the Beneficiary Helpline, as outlined in **Sections 1.022.A.1 and A.3**, also apply to the MICHIGAN ENROLLS telephone system and call center. The current TTY/TDD telephone number for MICHIGAN ENROLLS is 1-888-263-5697.

The Contractor must retain an adequate staff of specially trained phone counselors. All phone counselors must be able to process enrollments, disenrollments and enrollment changes over the telephone. In conducting health plan choice counseling and enrollment activities, the phone counselors must ensure that they do not discriminate against beneficiaries on the basis of health status or need for health services. The Contractor must also ensure that enrollment discrimination is not promoted. The Contractor must assure that beneficiaries are accepted by MHPs in the order in which they apply, without restriction, up to the limits set under each MHP's contract with MDCH.

The Contractor must also maintain a process for paper and in-person enrollments, disenrollments and enrollment changes. The scope of this function is dependent upon the number of Medicaid and ABW beneficiaries, the number of contracted health plans and the variety of enrollment options under the various programs.

There are currently 14 MHPs contracted to provide or arrange for health care services for beneficiaries eligible for Medicaid. There is at least one MHP available to serve beneficiaries in every county of the State. The 15 counties in the Upper Peninsula are served by a single health plan under a federal "Rural Exception." There are five counties in the Lower Peninsula served by only one health plan however four of them are covered under federal "Preferred Option" rules. The enrollment processes associated with both the Rural Exception and Preferred Option are addressed later in this



sub-section. The Contractor must, within the scope of the Contract, be able to make timely adjustments to its management information system, policies and procedures if necessary due to a change in designation of a particular county, e.g. from Preferred Option to mandatory enrollment, or for the status of particular MHPs (e.g., adding new service areas or temporarily not accepting new voluntary enrollments or auto-assignments in one or more counties).

There are currently 28 CHPs providing or arranging for health care services for ABW beneficiaries in 73 of the State's 83 counties. ABW beneficiaries residing in the other 10 counties receive their limited health care benefits on a fee-for-service basis.

The number of MHPs and CHPs may increase or decrease over the term of the Contract; these changes will not constitute a change in scope of the Contract and the Contractor must make necessary computer system, policy and staffing adjustments in a timely manner to comply with these changes.

The Contractor must ensure that all newly eligible beneficiaries are contacted and provided sufficient information in a timely, efficient, accessible and culturally competent manner to enable them to make an informed choice from among the health plans available in their area and to enroll in the one that best meets their health care needs. Interaction between the beneficiary and the Contractor may be in person, in writing, electronically or by telecommunication.

The Contractor must be able to receive and assimilate beneficiary eligibility information via electronic media from MDCH on a daily basis. The eligibility data for Medicaid and the ABW program are transmitted in a single file. The eligibility information for the CSHCS program is transmitted in a separate file. The Contractor must manipulate the data to identify the various enrollment groups. The general Medicaid population falls into three main categories for health plan enrollment: Mandatory, Voluntary and Excluded. However within these categories are various populations identified by program codes, scope of coverage, living arrangement codes or other specific classification codes.

The Contractor must also send a daily health plan enrollment/disenrollment file to CHAMPS in the file format specified by MDCH.

The Contractor must maintain a management information system capable of processing enrollments and disenrollments in compliance with MDCH's federally approved Comprehensive Health Care Program (CHCP) and ABW waivers, the provisions of which may change over the term of the Contract. Under the current CHCP waiver, there are several types of enrollment: Mandatory, Voluntary, Rural Exception, Preferred Option and Auto-assignment. There is also a category to which beneficiaries "Excluded" from health plan enrollment are assigned. Under the current ABW waiver, mandatory health plan enrollment is generally required if a CHP is available in the beneficiary's county of residence. Beginning during the fall of 2010, it is anticipated that Medicare beneficiaries also eligible for Medicaid may be given the option to enroll in MHPs. Likewise, it is anticipated that beginning in late 2010, CSHCS beneficiaries also eligible for Medicaid may be given the option to enroll in MHPs. Enrollment would be voluntary for the first 90 days, after which the enrolled CSHCS beneficiaries would be locked into the chosen health plan until the next open enrollment period.

The population groups of beneficiaries included in any of these categories, as identified by program codes, scope of coverage, living arrangement codes or other specific classification codes, may change over the term of the Contract. These changes will not constitute a change in scope of the Contract and the Contractor must be able to make necessary adjustments in its management information system and in staff policies and procedures in a timely manner to comply with MDCH's needs.

1. Information Requirements

Within three business days of receipt of the eligibility information, the Contractor must initiate the enrollment process by sending an enrollment packet to the beneficiary. Enrollment packets are described in **Section 1.022.D.1**. In addition to contacting beneficiaries by mail, the Contractor must offer community presentations as appropriate. The Contractor may also enroll beneficiaries through telephone contact, in person or through another MDCH-approved alternative method. Contacts with



beneficiaries should describe the concept of managed care, discuss the health plans, explain the role of the phone counselor, respond to questions regarding the health plans and assist the beneficiary in completing the necessary forms for enrollment.

The Contractor must provide managed care education on the following topics, at a minimum, to all general (except those populations excluded from managed care enrollment) Medicaid and ABW beneficiaries with whom there is contact:

- Managed care medical home concept;
- Role and responsibilities of principal coordinating physicians and primary care physicians;
- Beneficiary rights and responsibilities as a health plan enrollee;
- Appropriate use of a hospital emergency room; and
- Required processes for health plan enrollment, disenrollment and making enrollment changes as well as the auto-assignment process.

The Contractor must conduct education for beneficiaries to encourage choice and therefore limit the number of beneficiaries that are auto-assigned to the MHPs.

Contacts with beneficiaries, either verbal or written, must be culturally competent, appropriate to the beneficiary's literacy level and in a manner that accommodates beneficiaries with sensory and/or physical disabilities. The Contractor must also have translation services available for verbal contacts with beneficiaries whose primary language is not English.

The Contractor must have sufficient staff available to meet the managed care education needs of the community, the MHPs and CHPs and beneficiaries regarding enrollment services. The Contractor must develop a methodology that provides for the immediate and ongoing managed care education needs outlined in the Contract. The Contractor must provide managed care education (in writing and with visual or audio aids as appropriate) and enrollment functions without regard to sex, race, religion, age, national origin, marital status, political beliefs or disability.

The Contractor must develop staff resources sufficient to meet the needs of beneficiaries who are unable to enroll over the telephone or who require additional assistance with the enrollment process. This includes, but is not limited to community group presentations or visits at the Contractor's established locations.

Additionally, the Contractor must work with consumer, parent and provider advocates as well as community and State agencies as appropriate to assure optimal beneficiary education regarding MDCH's various health care programs.

2. Enrollment Process for Medicaid Health Plans

With few exceptions, Medicaid beneficiaries that are not excluded from managed care enrollment must choose a health plan. The Contractor must assist beneficiaries, parents and guardians or the beneficiaries' designees in choosing the MHP that best meets their individual needs. This includes taking the time necessary to identify the needs of each beneficiary, identifying in particular the special needs or circumstances presented by the beneficiary, explaining the available plan options in a manner the beneficiary understands and assisting the beneficiary to identify the most appropriate plan. It is also required that when a beneficiary already has a relationship with a provider and wants to retain that relationship, the Contractor must have procedures in place to assure whenever possible that those requests are honored. The Contractor must assist the beneficiary in choosing the most appropriate Primary Care Provider (PCP) within the MHP and communicate that choice to the MHP whenever possible.

The Contractor must require its phone counselors to use the Authorized Representative crosswalk provided by MDCH to ensure they speak only to persons authorized under federal law.

MDCH will on an ongoing basis assess the Contractor's performance on the task of assisting beneficiaries in choosing their MHP. This assessment will occur through monitoring selection consistency, beneficiary health plan changes, the auto-assignment rate and beneficiary satisfaction surveys.



Family members may be enrolled into different health plans. It is incumbent upon the Contractor to emphasize the provider choices available in the various MHPs to all family members so the best possible choice of a health plan is made for each family member.

As stated previously, the Contractor must begin the enrollment process within three business days of receipt of the eligibility information from MDCH. The Contractor must complete the enrollment process within 28 calendar days of notification. If the beneficiary chooses a health plan, the Contractor must process the enrollment within three business days of this choice.

The Contractor must mail written confirmation of enrollment to the beneficiary within three business days of completing the enrollment process. The confirmation must include: the name of the MHP selected, the telephone number for the MHP's Member Services staff, the name and contact information for the PCP if applicable, co-payment requirements if applicable and the begin date of the health plan enrollment.

If the Medicaid beneficiary does not respond to the initial enrollment packet sent by the Contractor and has not chosen a health plan within 21 calendar days of the Contractor's notification of eligibility, the Contractor must assign the beneficiary to an MHP, if appropriate based on established MDCH enrollment criteria. The Contractor must provide written confirmation to the beneficiary within three business days of the assignment. The confirmation must include: the name of the MHP to which the beneficiary has been assigned, the MHP's Member Services telephone number, the begin date of the health plan enrollment and the next open enrollment period. To assist the beneficiary in choosing an MHP and avoid the need for assignment, the Contractor is encouraged to make telephone or in-person contact with the beneficiary at a reasonable point late in the 21-day period and may engage community groups to assist it in doing so.

After a beneficiary enrolls with a health plan, they may change plans within the first 90 calendar days of enrollment. After 90 calendar days of enrollment, they must generally remain in the MHP (are locked in to the MHP) until an open enrollment period, which is held once per year at a time determined by MDCH. MDCH may occasionally lift the "lock-in" for specific MHPs in specific counties.

The Contractor must notify beneficiaries of open enrollment periods. This information must include notice of opportunity to change MHPs and identify the MHP options available. The Contractor must prepare and send the open enrollment notice in all languages specified by MDCH and must prepare a file for MDCH, in a format approved by MDCH that identifies all beneficiaries to whom the notices were sent. The Contractor may be asked to include additional materials with some or all of the open enrollment notices, e.g., a brochure related to the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program for families with children or a Privacy Notice for all MHP enrollees. The file submitted to MDCH must identify the beneficiaries to whom any additional materials were mailed.

Rural Exception County Enrollment Process

The CHCP waiver allows Michigan to designate certain counties as Rural Exception counties. The 15 counties in the Upper Peninsula currently have such a designation. In these counties, the Contractor must enroll all Medicaid beneficiaries in mandatory populations into the single MHP in the county. The Contractor does not mail an enrollment packet to beneficiaries in a Rural Exception county. The Contractor must process enrollments in Rural Exception counties within three business days of receipt of the eligibility information from MDCH and send beneficiaries' confirmation within three business days of the enrollment. The confirmation, as described in **Section 1.022.D.1**, must include: the name of the MHP to which the beneficiary has been assigned, the MHP's Member Services telephone number and the begin date of the health plan enrollment.

Preferred Option County Enrollment Process

The CHCP waiver allows Michigan to designate certain counties as Preferred Option counties. There are currently four counties with such a designation (Barry, Charlevoix, Cheboygan and Leelanau). In these counties only one MHP is available for enrollment. The Contractor must notify each beneficiary within three business days of receipt of the eligibility information from MDCH of the option to enroll in the available MHP or to choose to receive care on a fee-for-service basis. The Contractor must enroll all Medicaid beneficiaries in mandatory populations into the MHP in the county if they do not contact



the Contractor within 21 calendar days of the Contractor's notification of eligibility to choose fee-for-service. Beneficiaries choosing fee-for-service must be enrolled to reflect this choice. The Contractor must send beneficiaries confirmation of their enrollment in fee-for-service or an MHP within three business days of receiving notice of choice or within three business days of the end of the 21-day period, whichever occurs first. The confirmation letter for beneficiaries enrolling in an MHP, as described in **Section 1.022.D.1**, must include: the name of the MHP, the MHP's Member Services telephone number and the begin date of the health plan enrollment. Beneficiaries choosing to enroll in an MHP may at any time choose to disenroll and receive care on a fee-for-service basis, and vice versa. The Contractor must process these enrollment request changes within three business days of receipt.

3. Enrollment Process in County Health Plans

For the counties in which a CHP is available, currently 73, the Contractor must enroll beneficiaries eligible for the ABW program into the CHP, with one exception. ABW beneficiaries who are Native Americans or Alaska Natives have an option to enroll in the CHP or to receive care on a fee-for-service basis. There is only one CHP available in each of the 73 counties so enrollment is based solely on the beneficiary's county of residence. If an ABW beneficiary moves out of the county, the Contractor must disenroll the beneficiary from the CHP and enroll the beneficiary into the CHP serving the new county of residence or into fee-for-service if no CHP is available in the new county. The Contractor must send beneficiaries' confirmation of their enrollment or change in enrollment within three business days of completing the process. The confirmation letter for beneficiaries enrolling in a CHP, as described in **Section 1.022.D.2**, must include: the name of the CHP, the CHP's Member Services telephone number and the begin date of the health plan enrollment.

4. Additional Enrollment Responsibilities

There is a "cut-off" date established each month that determines whether new managed care enrollments and any changes in enrollment take effect on the first day of the following month or will be delayed until the second month following the cut-off date. MDCH will advise the Contractor of these monthly cut-off dates.

Each contracted MHP has an established enrollment capacity that must not be exceeded. The Contractor must monitor daily health plan enrollment and capacity numbers to assure enrollments do not exceed any health plan's capacity and be able to stop the auto-assignments when any health plan's capacity has reached the MDCH-established threshold, which is currently set at 80 percent.

The Contractor must process all re-enrollments of mandatory Medicaid beneficiaries for the next available month if the beneficiaries become disenrolled due to eligibility or case number changes. Re-enrollment in the same MHP occurs when the disenrollment occurred within the previous 60 calendar days. Beneficiaries who regain Medicaid eligibility after the 60-day window receive an enrollment kit like other newly eligible Medicaid beneficiaries.

The Contractor must provide MDCH with an electronic list (in a format and at a frequency determined by MDCH) that identifies all MHP enrollees whose eligibility status has changed in a manner that re-categorizes them as "Excluded", but who are still enrolled in a health plan.

The Contractor must have the capability to suspend enrollments for both Medicaid and ABW beneficiaries, by county or by a specific health plan and by the various enrollment categories, e.g., Voluntary, Rural Exception or Auto-assignment, upon MDCH request.

5. Disenrollments

The Contractor must process disenrollments automatically in instances where a beneficiary moves out of a health plan's service area or becomes ineligible for enrollment (is re-categorized as "Excluded"). An MHP enrollee who becomes Medicare eligible or gains comprehensive commercial HMO coverage would currently meet the definition of "Excluded" as would an MHP enrollee whose stay in an institutional setting extended beyond MHP contractual requirements. The disenrollment process includes issuance of a Disenrollment Letter to the beneficiary. The Contractor must also ensure that assistance in changing health plans or in disenrolling from a health plan when appropriate is available, accessible and provided to beneficiaries in a timely and accurate manner. Reasons for



health plan changes and disenrollments must be recorded and maintained in a database compatible with MDCH's computer systems. The structure and content of the database must be approved by MDCH and MDCH must be provided access.

6. Medical Exceptions

The Contractor must respond to requests for a medical exception to enrollment in MHPs and CHPs, provide an explanation to beneficiaries or their representatives of the allowable reasons for an exception and provide the beneficiaries with the Request for Exception to Managed Care form developed by MDCH. The beneficiary is responsible for completing the form, obtaining any supporting documentation to justify a request for medical exception to managed care enrollment and for sending the information to MDCH via the Contractor. The Contractor is expected, if requested, to answer any questions the beneficiary or their representative may have regarding the information required by MDCH and to provide the beneficiary with whatever assistance is needed to complete the required form.

The Contractor must complete an initial screening of the form with criteria provided by MDCH and facilitate the transfer of that information to appropriate MDCH staff. The transfer process involves inputting information from the Request for Exception to Managed Care forms received by the Contractor into the CRM, including information related to the initial screening. The Contractor must assure that the submitted Request for Exception to Managed Care form and supporting documentation is transferred to MDCH via both database and daily courier delivery.

7. Grievances and Appeals

The Contractor must be familiar with the grievance and complaint processes available to beneficiaries enrolled in MDCH's health care programs under applicable federal law and regulations, including but not necessarily limited to federal law at 42 USC 1396u-2 and federal regulations at 42 CFR Part 438. The Contractor must also be familiar with similar provisions in Michigan statutes, including the Michigan Insurance Code, the Public Health Code, the Non-Profit Dental Care Corporation Act and other statutes that provide Michigan consumers with rights related to the provision of health care benefits. The Contractor must provide information and assistance upon request to any program beneficiary, or their legal representative, as they consider or complete a complaint or grievance form related to the receipt of health care. The Contractor must limit its involvement to helping the beneficiary understand the steps in an applicable grievance process; the Contractor must not act as the beneficiary's legal counsel or representative in such action. All activities related to complaints and grievances received from beneficiaries must be recorded in the required log for that purpose.

8. Data Studies

The Contractor must participate in studies that will be defined jointly by MDCH and the Contractor. The studies may require extracts of defined data from the Contractor's management information system. The focus will be the effectiveness of the enrollment policies, enrollment groups and/or overall quality assurance or other issues of interest to MDCH.

9. Medicaid Health Plan Provider Files

The Contractor must include in its management information system data regarding all network providers for each MHP. The MHPs are required to send a complete and accurate file to the Contractor at least once per month. The Contractor must maintain and update its management information system upon receipt of the data from the MHPs and no less frequently than once per week. The Contractor must also notify MHPs of file errors and provide a summary report to MDCH of file errors for each MHP. The Contractor's enrollment staff must have access to this management information system in order to assist beneficiaries in making an informed enrollment decision. The Contractor must provide technical assistance to the MHPs regarding the submission of provider files. MDCH must approve any revisions to the provider file specifications prior to implementation by the Contractor.

C. Automated Enrollment/Disenrollment

The Contractor must develop and implement an auto-assignment algorithm for use in assigning Medicaid beneficiaries to MHPs. The algorithm must be in compliance with MDCH policies and its contract with the MHPs, and the algorithm must be approved by MDCH prior to implementation. The



algorithm must reflect clinical and administrative measures used to place each health plan in each region in a group for auto-assignment purposes. MHPs must be classified into one of three groups based on a numerical score derived from the measures, which will be determined solely by MDCH and updated quarterly. MHPs in each group must receive an equal percentage of auto-assignments until they reach 80 percent of their designated enrollment capacity; and MHPs in the highest scoring group must receive more auto-assignments than the second group, which must receive more auto-assignments than the third group. The algorithm must have the flexibility to stop or restart auto-assignments for each MHP as necessary and to re-distribute auto-assignments within a county based on the number of MHPs eligible in each band to receive them.

The Contractor must run the auto-assignment algorithm at least weekly and provide a report to MDCH on a monthly basis that includes county and MHP-specific information about the number of auto-assignments made. The report must also identify the enrollment capacity for each MHP at the point of report generation. The report format must be approved by MDCH.

The Contractor must develop and submit an auto-assignment algorithm to MDCH for approval within 30 calendar days of the Contract start date.

D. Mailing Services

The Contractor must provide a wide variety of enrollment packets, letters and informational pamphlets, literature and forms to applicants for and beneficiaries enrolled in the health care programs administered by MDCH. Some of the materials must be prepared and maintained by the Contractor and some must be ordered from MDCH with a supply maintained by the Contractor for mailing purposes.

The Contractor may perform this task directly or may use a Subcontractor approved by the State for certain components.

Occasional mass mailings at the request of MDCH on specific policies, procedures or changes may also be required; reimbursement for the costs associated with such mailings will be determined at that time.

The Contractor must develop, print, distribute, maintain and update the following documents (this will include printing and mailing costs, as appropriate). MDCH must approve all written materials while they are in draft form and may require changes in whole or in part. All materials must comply with established policies for the health care program(s) to which the materials apply and include MDCH-required language as appropriate, e.g., the department's non-discrimination statement. MDCH reserves the right to identify additional materials the Contractor must include in its mailings. A description of current materials and a schedule for mailing each document is identified below.

Type of Mailing	Time frame
Mandatory and Voluntary enrollment packets – MHPs	3 business days of receipt of eligibility information
Rural Exception packet – MHPs	3 business days of receipt of eligibility information
Preferred Option packet – MHPs	3 business days of processing enrollment
Health Plan Confirmation Letter – MHPs	3 business days of processing enrollment
Fee-for-Service Confirmation Letter – MHPs	3 business days of processing enrollment
Auto-assignment Confirmation Letter – MHPs	3 business days of processing enrollment
Change of MHP Letters – MHPs	3 business days of processing change
Disenrollment Letter – MHPs	3 business days of processing disenrollment
Re-enrollment Letter – MHPs	3 business days of processing re-enrollment
Open Enrollment Letter – MHPs	Last week of month prior to beginning of open enrollment period
Health Plan Confirmation letters – CHPs	3 business days of processing enrollment
Change of CHP Letters – CHPs	3 business days of processing enrollment
Disenrollment Letter – CHPs	3 business days of processing disenrollment

The Contractor's management information system must accept Medicare and Commercial HMO



disenrollment files from MDCH. The Contractor must maintain two separate interfaces to accommodate the file transmissions.

1. Medicaid Enrollment Packets and Letters

Packets for Mandatory MHP Enrollment: The mandatory packet must include a letter explaining the enrollment process and encouraging the beneficiary to contact the Contractor's MICHIGAN ENROLLS toll-free telephone line for assistance in choosing both an MHP and a PCP. The packet must also include a pre-filled enrollment form (including name, date of birth, ID number and address), information regarding the MHPs available including the respective copayment requirements if applicable, a county-specific consumer guide and a business reply mailing envelope. The Contractor is responsible for developing the enrollment process and all enrollment materials. The process and materials must be approved by MDCH prior to use. The current Medicaid populations for which managed care enrollment is mandatory are:

- Families with children receiving assistance under the Family Independence Program (FIP);
- Persons under age 21 who are receiving Medicaid;
- Persons receiving Medicaid for caretaker relatives and families with dependent children who do not receive FIP;
- Supplemental Security Income (SSI) beneficiaries who are not also covered by Medicare;
- Persons receiving Medicaid for the blind or disabled who are not also covered by Medicare;
- Persons receiving Medicaid for the aged who are not also covered by Medicare;
- Pregnant women; and
- Persons not included in the voluntary or excluded populations as defined by MDCH.

MDCH may identify additional Medicaid populations as mandatory for managed care enrollment during the term of the Contract. Should this occur, the Contractor will be required to adapt its staffing and supports to accommodate the change.

Packets for Voluntary MHP Enrollment: The Contractor must develop separate packets for each Medicaid population that has the option to voluntarily enroll in an MHP. Voluntary packets must include an enrollment letter that explains the voluntary enrollment process and that encourages the beneficiary to contact the Contractor's MICHIGAN ENROLLS toll-free telephone line for assistance in choosing both an MHP and a PCP. The packet must also include a pre-filled enrollment form (including name, date of birth, ID number and address), information regarding the health plans available including the respective copayment requirements if applicable, a county-specific consumer guide, a copy of the Medicaid Fee-For-Service Handbook (provided by MDCH), information about the MHPs available in the beneficiary's county and a business reply mailing envelope. Both the enrollment process and the enrollment form must be developed by the Contractor and approved by MDCH prior to use. Currently the voluntary populations are migrants, Alaska Natives and Native Americans. Letters for the migrant population must be produced in both English and Spanish.

The Contractor must have the capacity to change the designation of a Medicaid population from Mandatory to Voluntary, or vice versa, and develop enrollment packets accordingly. Similarly, the Contractor must have the capacity to change the designation of a county from Mandatory to Preferred Option or Rural Exception, and vice versa.

Packets for Preferred Option: The Preferred Option packet must be provided to Medicaid beneficiaries targeted for managed care enrollment that reside in the four Preferred Option counties. The packet must be county-specific and contain an enrollment letter, a letter explaining the enrollment process, information regarding the single available MHP and about the option to enroll instead in fee-for-service. The packet must also contain two pamphlets provided by or prepared in consultation with MDCH: *Things You Need to Know* and *Your Rights and Responsibilities*. There are currently four Preferred Option counties: Barry, Charlevoix, Cheboygan and Leelanau.

Packet for Rural Exception: The Rural Exception packet must be provided to Medicaid beneficiaries targeted for managed care enrollment that reside in Rural Exception counties. The packet must include a confirmation letter advising beneficiaries that they have been automatically enrolled into the MHP serving their county. The packet must also contain two pamphlets provided by or prepared in



consultation with MDCH: *Things You Need to Know* and *Your Rights and Responsibilities*. There are currently 15 Rural Exception counties, specifically all counties in the Upper Peninsula.

Health Plan Confirmation Letter: The Contractor must send a confirmation letter to all Medicaid beneficiaries that have been enrolled in an MHP. The letter verifies the health plan enrollment and PCP assignment if a PCP is chosen at the time of enrollment. The packet containing the confirmation letter must also contain two pamphlets provided by or prepared in consultation with MDCH: *Things You Need to Know* and *Your Rights and Responsibilities*.

Auto-Assignment Confirmation Letter: The Contractor must send a confirmation letter to all Medicaid beneficiaries that have been enrolled in an MHP through auto-assignment. The letter verifies the health plan enrollment and advises that the beneficiary may choose a different MHP within the first 90 days of enrollment. The packet containing the confirmation letter must also contain two pamphlets provided by or prepared in consultation with MDCH: *Things You Need to Know* and *Your Rights and Responsibilities*.

Fee-for-Service Confirmation Letter: The Contractor must send a confirmation letter to all Medicaid beneficiaries that have chosen to remain in fee-for-service when fee-for-service is an available enrollment option. The letter must advise the beneficiary that they will receive their health care on a fee-for-service basis and the packet containing the confirmation letter must also include a copy of the Medicaid Fee-For-Service Handbook provided by MDCH.

Auto-Enrollment Confirmation Letter: The Contractor must send a confirmation letter to Medicaid beneficiaries that have been automatically enrolled into an MHP in a Preferred Option county because they did not contact the Contractor to enroll instead in fee-for-service. The letters must be county-specific.

Change of MHP Letters: When a Medicaid beneficiary enrolled in an MHP moves to another county and the beneficiary's current MHP is not available in the new county, the Contractor must send the beneficiary a letter that provides information regarding managed care options available in the new county. The content of the letter, the enrollment packet provided and the choices offered to the beneficiary will depend on the county involved, e.g., whether it is a mandatory enrollment county, a Preferred Option county or a Rural Exception county.

Disenrollment Letter: The Contractor must send a confirmation letter to beneficiaries who must be disenrolled from an MHP and will, for specific reasons as determined by MDCH, need to receive future health care on a fee-for-service basis. The packet containing the confirmation letter must also include a copy of the Medicaid Fee-For-Service Handbook.

Re-enrollment Letter: When a Medicaid beneficiary enrolled in an MHP loses and regains eligibility, the beneficiary is automatically re-enrolled into the MHP in which they were previously enrolled if the lapse of eligibility was shorter than 60 calendar days, they still reside in the MHP's service area and they otherwise qualify for managed care enrollment. The Contractor must send a re-enrollment letter to these beneficiaries advising that they will be enrolled in their prior MHP. The letter must include the effective date of the MHP re-enrollment.

Open Enrollment Letter: An open enrollment period will be determined each year by MDCH. The Contractor must send open enrollment letters to all beneficiaries enrolled in MHPs except for those in Rural Exception or Preferred Option counties. The letters must explain that beneficiaries have the option during this period to change their MHP choices and provide information about how to do so. The Contractor must mail the letters the last week of the month prior to the beginning of the open enrollment period. Any changes in MHP enrollment will be effective on a date determined by MDCH. The Contractor must agree to include additional materials in the envelope with the open enrollment letter as requested by MDCH.

2. ABW Enrollment Packets and Letters

Health Plan Confirmation Letters: The Contractor must send a confirmation letter to ABW beneficiaries that have been automatically enrolled into a CHP because they reside in a county



served by such a health plan. There are currently 73 counties served by a CHP. The letter must be county-specific and identify the CHP into which the beneficiary has been enrolled. The packet containing the confirmation letter must also contain two pamphlets provided by or prepared in consultation with MDCH: *Things You Need to Know* and *Your Rights and Responsibilities*.

Change of CHP Letters: When an ABW beneficiary moves from a county covered by one CHP to a county covered by another CHP, the Contractor must send the beneficiary a confirmation letter that includes the name and contact information for the new CHP and the effective date of enrollment in the new plan. If the ABW beneficiary moves from a county covered by a CHP to a county where no CHP is available, the Contractor must send the beneficiary a confirmation letter that explains the availability of health care on a fee-for-service basis.

Disenrollment Letter: The Contractor must send a confirmation letter to beneficiaries who are being disenrolled from a CHP and will, for specific reasons as determined by MDCH, need to receive future health care on a fee-for-service basis. The packet containing the confirmation letter must also include a copy of an informational insert provided by MDCH.

3. Literature and Other Materials Ordered from MDCH

The Contractor must order the following pamphlets, literature, forms and envelopes from MDCH and maintain an adequate supply of these materials. The Contractor must mail the appropriate pamphlet, literature or form at the request of MDCH or a beneficiary and include the appropriate pamphlet, literature or form in each enrollment-related packet mailed. The Contractor will be responsible for all mailing costs. Other pamphlets, literature and forms may be added to this list if determined necessary and appropriate by MDCH.

- Hearing Request Form
- Beneficiary Complaint Form
- Your Rights and Responsibilities
- Special Disenrollment For Cause
- Medicaid Fee-For-Service Handbook
- Request for Exception to Managed Care
- A Guide to Michigan's Medicaid Health Plans
- Number 10 envelopes with MDCH return mailing address
- Number 9 envelopes pre-printed with MDCH mailing address

4. Other Mailing Requirements

The Contractor must monitor all returned mail and provide a monthly report to each DHS local office identifying addresses in their area from which mail has been returned more than once. This report must include specified beneficiary identifiers and the addresses causing the mail to be returned. The Contractor must establish a process to cease mailings to the identified address until a change of address is received from MDCH.

E. Outreach and Cooperation with Agencies

The Contractor must develop and maintain supportive working relationships with the local DHS offices, local health departments and other relevant community agencies, including advocacy organizations that interact with the beneficiaries of the health care programs administered by MDCH. These relationships must be established in every county in the State. In the event the Contractor is unable to establish a relationship with a community agency or organization in a particular county, the Contractor must make a local representative of the Contractor available in that county.

The community agencies should be encouraged to assist beneficiaries in the MHP enrollment process. The Contractor must inform the community agencies and organizations of required enrollment, disenrollment and change protocols, provide education and training of agency/organization staff if requested and be available to answer any resulting inquiries from them.

The Contractor must place special emphasis and support on the education and enrollment activities targeted toward individuals potentially eligible for Healthy Kids Medicaid, MICHild, Plan First and MOMS and be responsive to community input related to the operation of these programs. The focus must be on identifying uninsured children and women who may qualify for Healthy Kids Medicaid,



MICChild, Plan First or MOMS. The Contractor must develop protocols including time frames to provide educational and application materials to these agencies/organizations, as well as any State agencies requesting them.

F. Familiarity with Health Plans

The Contractor must work closely with and be familiar with the health and dental plans into which beneficiaries in the various health care programs administered by MDCH are enrolled. For Medicaid this also includes a requirement for familiarity with each MHP's provider panels and networks. The Contractor must also maintain up-to-date information regarding which plans are available and their service areas. The Contractor, MDCH and the plans will interact on a regular basis to assure open communication and prompt problem resolution.

G. Health Care Program Administration

The Contractor must assist MDCH in the administration of some of the health care programs under its purview. The principal administrative effort will relate to the MICChild program, but additional work will be required to support MDCH's administrative activities associated with the Healthy Kids Medicaid, Plan First and MOMS programs. The Contractor may also be required to perform administrative activities associated with additional federally or state-mandated programs developed and administered by MDCH during the term of the Contract.

1. Administrative Support

The Contractor must provide space, equipment and supports for co-located DHS staff as specified within this task. There is a common paper application used for the MICChild program, Healthy Kids Medicaid, Plan First and MOMS. There is also an online application process that the Contractor must maintain through a secure Internet portal. Although the Contractor will have specific responsibility for administering the MICChild program, selected administrative activities must be performed in support of Healthy Kids Medicaid and Plan First and the co-located DHS staff that have responsibility for them. Further, the Contractor must perform selected administrative activities specified by MDCH in support of other health care programs under its purview, including the MOMS program. Additional administrative support requirements appear in **Section 1.022.M**.

2. Management Information System

The Contractor must establish and maintain a management information system appropriate to support the health care program administrative responsibilities included within this task. Additional management information system requirements appear in **Section 1.022.L**.

The Contractor must ensure that MICChild beneficiaries are not receiving Medicaid benefits and maintain the integrity of the application and enrollment process. The management information system must be able to prevent enrollments for MICChild when Medicaid eligibility already exists and be designed to detect overlaps in eligibility between the two programs should Medicaid eligibility be established after MICChild eligibility is determined. A mechanism to report any identified overlaps and a protocol to appropriately address such instances must be developed in compliance with MDCH policy and requirements.

The Contractor's management information system must be HIPAA compliant and include a complete and accurate database of demographic eligibility and enrollment data related to MICChild and Plan First beneficiaries. MDCH will provide the data elements that must be included in the database and it must be maintained by the Contractor. The Contractor's systems must be compatible with systems used by MDCH to transmit and accept data as required.

The Contractor must develop and maintain the capability for MDCH to have online and hard record access to the Contractor's databases, including all software used in the Contractor's eligibility determination recommendation. The access must allow MDCH to replicate budget calculations, to perform audit and quality assurance functions, to carry out ad hoc queries on the data and to generate reports. The Contractor must provide instructions and training to MDCH staff regarding the operation of its database.



3. Audit Access

Specified MDCH staff must have complete access to all case files to perform monthly random post-eligibility audits to ensure that the Contractor is adhering to all applicable MDCH policies and procedures and to requirements in the State Plan approved by CMS.

4. MICHild

The MICHild program was developed in Michigan in response to the passage of Title XXI of the Social Security Act, which gave states the option to extend health care benefits to uninsured children under the age of 19 living in families with income at or below 200 percent of the federal poverty level. Subsequently Michigan's program was expanded to include low-income uninsured pregnant women with "unborn children" who do not meet eligibility criteria for coverage under Medicaid.

MDCH contracts with licensed insurers and health maintenance organizations (HMOs), as well as mental health and substance abuse providers, to provide a specified health benefit package for MICHild beneficiaries. MDCH also contracts with separate dental plans to provide dental care for MICHild beneficiaries.

The Contractor must assure appropriate staffing and system supports to perform specified administrative functions under the direction of MDCH, including, but not limited to the following:

- Education and enrollment assistance, including choice counseling;
- Distribution, receipt and initial review of applications;
- Initial eligibility determination recommendations;
- Eligibility redetermination recommendations on an annual basis;
- Coordination of the enrollment process with health plans; and
- Case maintenance activities in compliance with established MDCH policies and procedures.

The Contractor must also collect the required premiums from the families of MICHild beneficiaries. This requirement is addressed in the Premium Collection task within this section of the Contract.

Education and Enrollment Assistance: The Contractor must maintain the MICHild toll-free telephone line, 1-888-988-6300, with necessary staffing and supports for families and other individuals calling to ask questions about MICHild program coverage or health plan enrollment. The MICHild toll-free telephone line is expected to receive approximately 15,000 calls per month during the first year of the Contract. The general requirements and standards of promptness and quality that apply to the Beneficiary Helpline, as outlined in **Sections 1.022.A.1 and A.3**, also apply to the MICHild telephone system and call center. The current TTY/TDD telephone number for MICHild is 1-888-263-5697.

Phone Counselors: The Contractor must ensure the availability of phone counselors trained to address questions or issues regarding the MICHild program, as well as to provide necessary education and enrollment assistance. The phone counselor requirements set forth in **Section 1.022.A.2** apply to the Contractor's MICHild phone counselors. However, the Contractor's MICHild phone counselors need only receive additional training specific to the MICHild program. The phone counselors may, but are not expected to, address questions, issues or complaints regarding other health care programs administered by MDCH.

Contacts with beneficiaries, enrollment assistance and managed care education provided by MICHild phone counselors must conform to the Medicaid and ABW information requirements outlined in **Section 1.022.B.1**.

The Contractor must require its MICHild phone counselors to use the Authorized Representative crosswalk provided by MDCH to ensure they speak only to persons authorized under federal law.

Distribution of Applications: There is a "no wrong door policy" for the MICHild program. Families may apply for coverage through any of the following agencies/methods:

- Health plans that MDCH has certified to participate in the application process;
- Local health departments;
- Local offices of DHS;
- Paper applications submitted to the Contractor through the mail; or



- Applications submitted via the online Internet portal.

The Contractor must respond to requests for MICHild enrollment applications, either for individual applications or for supplies of the forms when requested by organizations, made through the MICHild telephone line or through the Internet portal. The Contractor is the sole source for paper applications for the MICHild program. The Contractor must mail applications to any requestor within two business days unless otherwise approved by MDCH. The Contractor may also subcontract with local organizations to respond to application requests if prior approved by the State.

Application Process: The Contractor must have the capability to process all MICHild applications received, whether on paper or through MDCH's online application portal on the Internet. An estimated 10,000 new applications (representing as many as 16,000 children) and 2,600 redeterminations are processed each month.

The data from the online applications must be retrieved from the Internet portal daily and printed. The applications must be checked to assure that an electronic signature has been provided. Applications received in paper form must be similarly reviewed for completeness.

The Contractor must conduct an initial review of every application to determine if it should be processed for MICHild eligibility determination recommendation or referred/delivered to DHS staff co-located with the Contractor for further review and a Healthy Kids Medicaid eligibility determination. Any application being referred/delivered to DHS must first be logged into the Contractor's management information system. The referral/delivery process is manual at this time. However an electronic file transfer process is under development and the Contractor must be prepared to accommodate it within the scope of the Contract when it goes live.

MICHild Eligibility Activities: MDCH has certified selected health plans and agencies to submit MICHild applications on behalf of families applying for children and on behalf of pregnant women with "unborn children". These agencies assist applicants with completing the application and then submit it to the Contractor via the online application portal on the Internet. The Contractor grants presumptive eligibility to children whose online applications submitted by these agencies appear to meet all requirements for MICHild coverage. The Contractor must provide certified agencies with the applications, processes, and procedures for determining MICHild presumptive eligibility. The processes and procedures must be approved by MDCH before the Contractor can send them to the certified agencies.

Presumptive eligibility will remain in effect from the date an application receives preliminary approval by the Contractor through the last day of the first full month following that date. During the month of presumptive eligibility, the Contractor must review the application and make a final determination recommendation of eligibility.

The Contractor must accept responsibility for all eligibility determination recommendations for the MICHild program and base all recommendations solely upon policy and procedures approved by MDCH. All beneficiaries of the MICHild program must meet all eligibility factors established by MDCH for the MICHild program.

The Contractor must perform citizenship and identity verification for MICHild applicants as required by federal law and MDCH policy. Citizenship verification will initially occur through a match of applicant information with MDCH's Vital Records data. This process must occur within the application time frame required by MDCH's standard of promptness for MICHild eligibility determination recommendations. There is a potential that the current verification process will change during the term of the Contract and be enhanced or replaced by a match with federal social security number data. The Contractor must, within the scope of the Contract, adapt its citizenship verification process if this change occurs.

Within two business days of receipt, the Contractor must review all applications and enter into its database appropriate information from the application and the review. The Contractor must electronically transmit a daily file to MDCH containing a list of the applications for which approval is



recommended. MDCH staff will review this data, indicate on the file if the application is accepted or rejected and return the electronic file to the Contractor.

The Contractor must mail a decision on eligibility to the family's address via first class mail, postmarked within 10 business days of the date the completed application was received.

- If the application is approved for MICHild eligibility, the letter must provide notice of the approval decision and the effective date of coverage, which is the first day of the next available month following approval of the application. The letter must also inform the family of the health and dental plans into which the applicant(s) has been enrolled and identify available mental health and substance abuse services providers. Lastly, the letter must also advise that the beneficiary may change MICHild health plans within the first 90 days of enrollment.
- If the application is denied, the letter must clearly state the reason for the denial of eligibility and must inform the applicant family of its right to appeal the determination. If the application is denied and presumptive eligibility has been granted because the application was submitted by a certified agency, the letter must inform the family of the date that presumptive eligibility will no longer be in force and MICHild coverage terminated.

Generally, once eligibility is determined, MICHild coverage continues for one year from the effective date of coverage unless the MICHild beneficiary no longer meets program participation criteria. The Contractor must provide a renewal application form to the beneficiary's family (or the beneficiary directly if living independently) within a minimum of 60 calendar days prior to the end of the beneficiary's eligibility year. The renewal form must be pre-printed with demographic information provided on the initial application and include instructions that the information should be updated as necessary.

If a renewal application form has not been received within 20 calendar days from the date mailed, the Contractor must follow up with the family. The protocol for contacting families must be approved by MDCH prior to implementation.

If the family fails to respond to the renewal application request, eligibility for MICHild program coverage must be terminated in accordance with MDCH policy and following case-specific MDCH approval of the closure. The Contractor must send a notice of the case closure to the family that also advises of the right to appeal the closure action.

On a monthly basis the Contractor must contact and survey a total of 50 families that did not return MICHild renewal applications resulting in case closure. Cases closed due to Medicaid eligibility will be excluded from the survey sample. The purpose of the survey will be to determine the reason(s) the applications were not returned. The survey instrument and means for conducting the survey will be mutually determined by MDCH and the Contractor.

MICHild Eligibility and Enrollment Information: MICHild eligibility, enrollment and case closure information must be transmitted electronically to CHAMPS on a daily basis in the established MDCH file format.

Children's Special Health Care Services: The CSHCS program is authorized under Title V of the Social Security Act and provides medically necessary services to children and some adults with certain qualifying conditions. Many of these beneficiaries have very serious medical conditions and highly complex health care needs.

The Contractor must allow MICHild eligible children who are not eligible for Medicaid, but are active participants in the CSHCS program to have the following options if they are uninsured:

- Enroll in the MICHild health plan administered by Blue Cross Blue Shield of Michigan while maintaining their CSHCS benefits;
- Enroll in the MICHild health plan administered by Blue Cross Blue Shield of Michigan and disenroll from the CSHCS program; or
- Elect to not enroll in the MICHild program and maintain CSHCS-only benefits through the CSHCS Basic Health Plan administered by MDCH.



Some CSHCS participants are dually eligible for Medicaid. As with any other MICHild applicant or beneficiary, the Contractor must utilize its management information system to ensure on an ongoing basis that MICHild beneficiaries who are also CSHCS participants do not have Medicaid eligibility. Any overlaps in eligibility must be identified by the Contractor and appropriate actions taken to disenroll the beneficiary from the MICHild program.

5. Healthy Kids Medicaid

The Contractor has no administrative responsibility for determining applicant eligibility for Healthy Kids Medicaid coverage because it is a Medicaid program. However there is a requirement to perform initial review of applications submitted for MICHild coverage, both those submitted in paper form to the Contractor and those submitted through the online application process on the Internet portal. The purpose of this review is to rule out potential Healthy Kids Medicaid eligibility. After this initial review, the Contractor must refer/deliver applications for applicants potentially eligible for Healthy Kids Medicaid benefits to the DHS staff co-located at the Contractor's place of business.

The Contractor is also responsible for performing required administrative functions under the direction of MDCH for the co-located DHS staff, including, but not necessarily limited to the following:

- Provide a minimum of 7,175 square feet of on-site office space for co-located DHS staff according to standards approved by MDCH. The Contractor must have the ability to expand this office space to accommodate additional DHS staff should program needs change.
- Provide clerical support for the co-located DHS staff by forwarding completed case files to the applicable local DHS office in accordance with the beneficiary's place of residence.
- Provide telephone support for co-located DHS staff as follows:
 - Receive and refer incoming telephone calls to DHS staff; and
 - Provide to DHS staff as appropriate any other information received during an incoming telephone call that may require action.

6. Plan First Eligibility Support Services

Plan First is a limited benefit Medicaid program that provides family planning services on a fee-for-service basis. The program has operated under authority of a federal CMS-approved Section 1115 waiver since implementation in 2006, but the program may be changed to State Plan authority in the near future.

The program has historically been limited to low-income uninsured women between the ages of 19 and 44. If the program's authority changes the number of eligible individuals could change as well. As of early 2010, there were approximately 52,000 women participating in this program.

The Contractor must perform required administrative functions under the direction of MDCH, including, but not necessarily limited to the following:

- Provide a minimum of 2,610 square feet of on-site office space for co-located DHS staff according to standards approved by MDCH. The Contractor must have the ability to expand this office space to accommodate additional DHS staff should program needs change.
- Provide a minimum central file area space of 705 square feet for Plan First files according to standards approved by MDCH. The Contractor must have the ability to expand this file area space to accommodate additional files should program needs change.
- Maintain a Post Office Box for applications and all mail to be sent in by a beneficiary.
- Screen any Plan First applications received for completeness, i.e., name, date of birth, and signature.
 - Return a copy of any incomplete application with a cover letter explaining what is required in order to process the application and include a postage-paid return envelope.
- Review all complete applications for other insurance information.
 - If an insurance card is provided, make an additional copy of the card for the co-located DHS staff.
 - DHS staff will return a copy of the card to the Contractor for entry into the CRM system, after a Medicaid ID has been assigned.
- Staple the complete application and all submitted documentation together, place in a manila folder with the applicant/beneficiary name on the tab and deliver to co-located DHS staff by the next business day.
- Provide clerical support for co-located DHS staff.



- Complete all case filing or filing of additional documents in the cases maintained by the DHS staff; and
- Assure that each case file is appropriately labeled in accordance with DHS requirements.
- Provide telephone support for co-located DHS staff as follows:
 - Receive and refer incoming telephone calls to DHS staff;
 - Document any reported changes received by telephone, e.g., address of a Plan First participant, in the CRM system; and
 - Provide to DHS staff as appropriate any other information received during an incoming telephone call that may require action.
- Outreach
 - Send out supplies of Plan First applications, brochures and other materials to DHS local offices, local health departments and other locations determined by MDCH and/or the Contractor to be appropriate – the Contractor is the sole source for paper applications for this program;
 - Send out a Plan First application to any woman whose Medicaid eligibility was due to pregnancy (i.e., Healthy Kids Medicaid) and is scheduled to be terminated in approximately 45 days; and
 - Send out an application to any woman between the ages of 19 and 44 at the time that her Medicaid has ended for any other reason.

7. MOMS Eligibility Support Services

MOMS is a time-limited health care program for low-income uninsured women who cannot meet eligibility criteria for full Medicaid benefits. Generally the women covered by this program are eligible for Emergency Services Only (ESO) Medicaid benefits. The program provides prenatal and postpartum outpatient pregnancy-related services for women who are pregnant or recently pregnant. If the woman is eligible for ESO benefits, coverage ends two calendar months following the month pregnancy ends; otherwise benefits are limited to 45 calendar days beginning on the date of application.

Certain local health departments, federally qualified health centers and other agencies have been certified by MDCH to assist applicants in applying for the MOMS program. These entities assist applicants in completing applications and may issue both a MOMS Enrollment Notice (MSA-1142) and a Guarantee of Payment for Pregnancy-Related Services (MDCH-1164) for applicants as well. The entities will submit applications and the forms to the Contractor via the online application Internet portal, by facsimile or through the mail. Applications will also be received by the Contractor through the Internet portal or by mail directly from applicants or other sources. Based on historical trends, the Contractor can expect to receive approximately 1,300 applications each month from all sources.

Upon receipt of a MOMS application, the Contractor must complete a screening, which includes assuring that the application is complete and appropriately signed.

- If the application is incomplete (i.e., missing the name, date of birth, or signature), the Contractor must return a copy of the incomplete application to the organization or entity that submitted it. A cover letter explaining what is required in order to process the application must be sent with the copy and a postage-paid return envelope must be provided.
- The screening process must also include an initial assessment of the applicant's eligibility for full or ESO Medicaid benefits. If the applicant appears to meet eligibility standards for Medicaid, the application must be referred/delivered to the co-located DHS staff for action as appropriate.
- If the screening assessment indicates that the application is complete and does not reflect potential Medicaid coverage, the application must be referred to MDCH for consideration of enrollment in the 45-day MOMS program.

The disposition of the application as a result of the screening process along with required demographic information from the application and the enrollment notice, if applicable, must be recorded in MDCH's MOMS database immediately following completion of the screening.

All data collected by the Contractor for the MOMS program will be subject to the same standards, conditions and availability as the MICHild program data. MDCH maintains MOMS eligibility information on an Oracle database to which the Contractor will have appropriate access. All data



collection and processing for MOMS must be done according to MDCH-approved policies and procedures.

8. **MICChild, Healthy Kids Medicaid, Plan First and MOMS Forms and Literature**
The Contractor must develop, print, distribute, maintain and update forms, pamphlets and other informational literature (this will include printing and mailing costs, as appropriate). MDCH must approve all written materials while they are in draft form and may require changes in whole or in part. All materials must comply with established policies for the health care program(s) to which the materials apply and include MDCH required language as appropriate, e.g., the department's non-discrimination statement.

The requirements for this sub-task must be carried out in the same manner and with the same standards for promptness and quality as the requirements in **Section 1.022.D**. Materials must be mailed no later than three business days of the request. Forms and other materials include but are not necessarily limited to the following:

- Informational material that explains MICChild, Healthy Kids Medicaid, Plan First and MOMS benefits;
- The paper application form used for MICChild, Healthy Kids Medicaid, Plan First and MOMS;
- Informational material that describes MICChild enrollment options and procedures for changing enrollment;
- Informational material that lists the names and locations of MICChild health and dental plans available in each county;
- Informational material that clearly explains beneficiary eligibility grievance and appeal procedures applicable to the MICChild, Healthy Kids Medicaid, Plan First and MOMS programs;
- Certificate of Creditable Coverage forms for beneficiaries leaving the MICChild program; and
- Approval and denial letters applicable to the MICChild program.

In addition to the forms and informational material that the Contractor must develop and print, there are other forms, pamphlets and literature that must be ordered from MDCH and kept in adequate supply for use as needed. At this time those materials include the following but the list could change in the future:

- MOMS Enrollment Notice, MSA-1142; and
- Brochure for Breast and Cervical Cancer Screening Services.

The Contractor must mail the appropriate pamphlet, literature and/or form at the request of MDCH or any other individual and include the program-appropriate pamphlet, literature and/or form in each enrollment-related packet. The Contractor will be responsible for mailing costs.

The Contractor may perform this sub-task directly or may use a subcontractor approved by the State for certain components.

H. Online Application System

The Contractor must maintain the online application process as currently configured and approved by MDCH. A presumptive eligibility tool must be maintained within this application process that calculates program specific eligibility and produces notices, coupons and all relevant elements as directed and/or approved by MDCH.

The Contractor must integrate data received through the online application process, and provide a mechanism to add data from paper applications, into its management information system's database of all MICChild and Healthy Kids Medicaid beneficiaries. These duties include but are not limited to the following:

- Developing and maintaining a server back-up;
- Developing and implementing disaster recovery policies and procedures;
- Immediately responding to problems, programming changes, correctness of computations; and correctness of information provided for drop down lists; and
- Maintaining continuous service 24 hours per day, seven days per week.



I. Interactive Voice Response System

The Contractor must provide an Interactive Voice Response System (IVRS) to respond to Medicaid beneficiary inquiries regarding eligibility and health plan enrollment status.

1. Beneficiaries must be able to access the Contractor's system via a toll-free telephone number to obtain Medicaid eligibility and health plan enrollment status by using identifying information, e.g., birth date and/or social security number. The system must have appropriate security protocols to protect the confidentiality and privacy of beneficiaries included in the system; protocols must be HIPAA-compliant.
2. The IVRS must have the capability to inform the beneficiary if Medicaid eligibility is active for the current month. The IVRS must also have the capability to inform the beneficiary if they are currently enrolled in an MHP and if so, provide the name of the MHP and the health plan's Member Services toll-free telephone number.
3. The IVRS must be available 24 hours per day, seven days per week.
4. The IVRS must include a feature that permits callers to leave a voice mail message for response by the Contractor on the next business day. The voice mail feature must be structured in a manner that accommodates beneficiaries with sensory and/or physical disabilities. Voice mail instructions must be simply stated and the voice mail feature must include the capability to communicate instructions to callers in prevalent languages. MDCH currently considers Arabic and Spanish to be prevalent languages in addition to English, however additional languages could be determined by MDCH to be prevalent in the future. Should that occur the Contractor must accommodate the change in a timely manner and at no cost to the State.
5. The Contractor must develop and maintain a database that tracks volume of calls, the identifying information provided to access eligibility and health plan enrollment status and the data elements requested. The database must have query capability permitting the Contractor to provide ad hoc reports to MDCH upon request related to IVRS activity.

J. Premium Collection

The Contractor must provide and maintain a premium collection system with sufficient staffing and supports for the premium-based health care programs administered by MDCH. The policies and processes must be compliant with protocols established by MDCH and include timely reporting and fiscal controls in accordance with generally accepted standards and MDCH requirements. A database designed to facilitate the premium collection process, including the generation of required letters, premium coupons and reports is required. The database must be capable of providing reports required and in a format approved by MDCH. There are currently two programs that require premiums, MICHild and Freedom to Work (FTW) Medicaid. Should MDCH establish additional premium-based programs, the Contractor must assure sufficient staffing and supports for such programs within the scope of the Contract.

The Contractor may perform this task directly or through the use of a subcontractor approved by the State.

1. MICHild

The MICHild program provides health care benefits for children under the age of 19 and certain pregnant women with "unborn" children. A monthly premium of \$10 is assessed regardless of the number of covered children in a family if family income is above MDCH-specified thresholds.

Families with a household member who is a Native American or Alaska Native are exempt from the MICHild premium.

2. Freedom to Work (FTW) Medicaid

FTW Medicaid is a program designed to allow certain disabled beneficiaries to increase their earnings to a specific point without the risk of losing their Medicaid coverage. Once a FTW beneficiary's countable earned income reaches a certain level the beneficiary is responsible for paying an income-



based monthly premium to continue Medicaid eligibility. As this is a Medicaid category of eligibility, DHS determines eligibility for this program and will notify the Contractor of newly determined beneficiaries with premium responsibilities and of any changes in income affecting premium requirements.

The Contractor must regularly, at least monthly, monitor Medicaid eligibility files to assure timely processing of premium collections for newly determined FTW Medicaid beneficiaries as well as any adjustments in premium requirements for currently covered beneficiaries.

The required premium amounts are established by MDCH and the Contractor must adhere to all MDCH policies and procedures for communication and premium collection. The number of FTW Medicaid beneficiaries required to pay a premium is currently fewer than ten per month. In the event that the number increases during the term of the Contract, such an increase must be considered within the scope of the Contract and the Contractor must assure sufficient staffing and supports to accommodate any increase in volume.

3. Premium Collection Responsibilities

Unless otherwise noted, the Contractor's premium collection responsibilities are the same for both MICHild and FTW Medicaid. The Contractor must design, develop, print and mail payment option letters with premium payment coupons to the families of MICHild beneficiaries (or directly to MICHild beneficiaries living independently) and to FTW beneficiaries, both at initial approval and at redetermination of coverage. Two letters are required for each program, one for newly eligible beneficiaries and one for beneficiaries redetermined eligible. Each letter should:

- Instruct the family or beneficiary, as applicable, to include the coupon(s) with their premium payment to facilitate prompt posting of payments to the beneficiary's record.
- Advise the family or beneficiary, as applicable, that the payment must be made either by check or money order and that payment is due each month for the following month's coverage.
- Explain that there is a payment grace period until the end of the month covered by the premium and that payments will be considered delinquent if not received by that date.

In MICHild, the letters must also indicate that the beneficiary will be disenrolled from the program if the payment is not received and provide an option to pay premiums on other than a monthly basis, e.g., quarterly or in a lump sum for the entire year.

The letters must be designed to contain appropriate beneficiary/family-specific information within HIPAA constraints and be enclosed in an envelope of the type used for other MICHild or FTW beneficiary mailings, as applicable. MDCH must approve all materials prior to use by the Contractor.

Payment option letters with premium payment coupons must be mailed within five business days following the Contractor's approval of a new application in MICHild, the Contractor's notification of approval of a new application in FTW or a redetermination of coverage in either program. The Contractor must not include any other enclosures with the payment option letters and premium payment coupons.

The Contractor must provide a second payment option letter with premium payment coupons if notified that the original letter and coupons were lost or not received.

Families that apply for MICHild benefits for their children and are approved through the online Internet application process receive printed copies of their approval letter and MICHild premium payment coupons through the online system. The Contractor will not mail payment option letters with premium payment coupons to these families unless notified that the original letter and coupons were lost or not received.

If a MICHild premium is not received by the tenth day of the month covered by the premium, the Contractor must send a letter to remind the family of the balance due and to advise that the beneficiary will be disenrolled from the program on the last day of that month. This letter must be sent no later than the tenth day of the month of the unpaid premium. The letter must also advise each beneficiary of appeal rights and provide both an appeal form and a Certificate of Creditable



Coverage. The content of both the letter and the appeal form must be approved by MDCH prior to use. If the family submits a new application within six months of the disenrollment for failure to pay the premium, it must include not only the initial premium for future coverage but also the premium balance owed at the time of disenrollment.

If a FTW Medicaid premium is not received by the tenth day of the month covered by the premium, the Contractor must immediately notify MDCH via the CRM system and record such action in the beneficiary's record on its database. If the premium is received during but after the tenth day of the month, the Contractor must immediately notify MDCH via the CRM system and record such action in the beneficiary's record on its database.

The Contractor must process the MICHild and FTW payments received, including payments received from families of MICHild beneficiaries or MICHild health plans on behalf of MICHild beneficiaries, and indicate payment receipt in the appropriate beneficiary's record. Specifically, the Contractor must process payments received by check or money order within five business days of receipt. "Processed" is defined as indicating receipt of the payment in the beneficiary record. The Contractor must research and whenever possible resolve all non-standard payments, including payments made without coupons.

Payments received must be deposited to a Lock-Box Account approved by MDCH. The Contractor is expected to post all payments deposited in the Lock-Box to its database or module established for that purpose within 24 business hours of receipt. The Contractor will retain any interest earned on the account and any fees associated with maintaining the account will be the responsibility of the Contractor.

The Contractor must refund, or credit an active account as appropriate, any overpayments and refund payments for beneficiaries during a period of ineligibility. Such refunds must be mailed to the families of beneficiaries or beneficiaries, as applicable, within 30 days of determining the need for refund. Any failed payment must be noted in the beneficiaries' record as non-payment. The Contractor must provide MDCH with a monthly report summarizing all receipts, credits and refunds.

On an ongoing basis the Contractor must electronically match the MICHild and Medicaid eligibility databases to identify any MICHild enrollees with active Medicaid coverage. The Contractor must take appropriate action regarding MICHild eligibility, enrollment and premium collection or refunds in accordance with established MDCH policy.

K. Mihealth Card Service

The Contractor must produce and distribute MDCH's proprietary semi-permanent magnetic stripe plastic card called the "mihealth card" that is currently issued to the Medicaid (including, but not limited to Medicaid, Healthy Kids Medicaid, ABW, Plan First Medicaid and other smaller programs) and CSHCS populations. Approximately 38,000 new and replacement mihealth cards were being issued on a monthly basis in early 2010. The Contractor will also be responsible for mailing any and all inserts and/or brochures with the card as directed by MDCH. The content, volume and frequency of these inserts and/or brochures may change over the term of the Contract. It is also possible that MDCH could determine it appropriate for the mihealth card to be issued to additional populations or to eliminate the card's issuance for one or more of the current populations for which the card is used. These changes will not constitute a change in the scope of the Contract and the Contractor must be able to make necessary adjustments in its staffing and procedures in a timely manner to comply with MDCH's needs.

The Contractor must be able to begin production and distribution of the mihealth card within 60 calendar days of the effective date of the Contract.

The Contractor may provide this service directly or through the use of a subcontractor approved by the State.



1. Design and Development

Within ten calendar days of the effective date of the Contract, the Contractor must submit a final project work plan to MDCH that identifies and schedules all development and implementation activities associated with the mihealth card process. The work plan must address all tasks for application design/configuration, implementation, testing, training, launch and post-launch support for MDCH and providers. The plan must also highlight MDCH's responsibilities during the development process, if any, provide an inventory of costs (including cost per card, presort fee and cost for postage) and indicate key milestone dates.

The Contractor must develop data systems to transmit data to MDCH in a format acceptable to MDCH. The format must be compatible with MDCH's current computer system infrastructure and the data system must be able to accept and assimilate data received from MDCH. The Contractor must be able to receive and send the mihealth card file via electronic media from and to MDCH on a daily basis.

2. Testing, Implementation and Operation

The Contractor must complete sufficient testing with test data provided by MDCH to meet all Contract requirements. The Contractor must also provide documented test results, reviewed with MDCH staff, before will grant approval to launch the system with full production operation. The Contractor must make any necessary changes and/or modifications if the system does not meet all Contract requirements, including re-testing the system.

The Contractor will work with MDCH to finalize a work plan and acceptable rollout schedule and then launch a successful application with full production operation. The Contractor must warrant, for one year after the application launch, that the production system will meet the business needs as designed. The Contractor's mihealth card system must accommodate in a timely manner any changes mandated by MDCH.

The Contractor must monitor the system on an ongoing basis to assure that it operates within performance standards. The Contractor will be the first contact point for problem reporting and problem resolution if MDCH discovers any problems with the system. The Contractor must accept responsibility for taking corrective action without charge to the State to bring the system back to acceptable performance standards.

3. Data Exchange

MDCH will provide data necessary to the mihealth card application through a secure gateway. MDCH will not grant the Contractor direct access to the MDCH eligibility data. The data exchange must provide for easy integration/updating of the MDCH eligibility data into the proposed system. The Contractor must adhere to relevant HIPAA confidentiality/privacy laws, regulations and contractual provisions and must establish appropriate administrative, technical and physical safeguards to ensure the security and confidentiality of records.

MDCH will send the Contractor a daily card file in a format established by MDCH. The daily card file will include both new and replacement card information. The daily card file will include the following data elements:

- Beneficiary name;
- Beneficiary ID number;
- Case number;
- Responsible party name and address;
- Beneficiary address;
- Update code (identifies the health care program);
- Status code (identifies type of card – initial card or replacement card); and
- Card control number (contains the beneficiary ID and card count number).

The Contractor must assign a card control number to each mihealth card issued. The Contractor's data system for assigning and tracking control numbers must be completely compatible with existing MDCH systems and files.



The Contractor must mail the cards to the beneficiaries within 48 hours of receipt of the card file. The Contractor must mail the mihealth cards for all persons in a household in a single packet using the beneficiary case numbers only for the Medicaid population. The Contractor must also mail inserts and/or brochures with beneficiaries' mihealth cards based on their update codes and status codes.

The Contractor must contact a MDCH-designated staff person within 30 minutes of becoming aware of any issues with their mihealth card production or mailing processes, or within 30 minutes on the next business day if the issue occurs after normal MDCH business hours. The notification must explain actions the Contractor is taking to resolve the problem and expected time of resolution, which must be accomplished within four hours.

The Contractor must create a daily mihealth card file in a MDCH-specified format to send back to MDCH to confirm issuance of the cards and identify the cards returned as undeliverable. The card file produced by the Contractor must contain the following elements:

- Status code;
- Beneficiary ID number;
- Card control number; and
- Date card issued.

The Contractor must develop and maintain a system to invalidate lost or returned mihealth cards. The Contractor is also subject to random auditing by MDCH. Upon confirmation of contract violations MDCH may require appropriate corrective action and/or terminate access to the data, depending upon the nature and degree of the violations.

4. Card Specifications

The Contractor must procure sufficient raw materials for approximately 12 months of daily new card issuances and card re-issuances. Raw materials include the card, card carrier and envelope. The Contractor must always maintain sufficient raw material stock so there is no delay in mailing mihealth cards. MDCH will provide the design of the card, card carrier, and envelope to the Contractor. MDCH will provide the Contractor with sufficient inserts and brochure stock, which will be shipped to the Contractor prior to system roll-out. The Contractor must have sufficient storage space to store up to approximately a 12-month supply of inserts and brochure stock.

The Contractor must match the MDCH proprietary mihealth card specifications, which include the following:

- Card Stock – 2-1/8" x 3-3/8" x .030 stock with non-glare finish;
- Card Color – blue (293) and green (361) background with text printed in black;
- Lo-Co Magnetic strip containing the beneficiary ID number and card control number compatible with EDI magnetic stripe readers for providers to utilize the magnetic swipe technology;
- No signature panel;
- No holographic designs;
- No embossing;
- Front of card must contain: Beneficiary's name and Beneficiary's ID number; and
- Back of card must contain the following text:

Important Beneficiary Information: Present this card each time you get medical services. Only the person named on the card can use this card. Before you get any service, you have a right to know that your medical coverage may not cover some services and you may need to pay for them. For eligibility information and questions, call the Beneficiary Help Line: 1-800-642-3195.

Important Provider Information: This card does not guarantee medical coverage exists. You are responsible for verifying eligibility. Go to the following website for available eligibility verification systems: www.michigan.gov/medicaidproviders (Then "Eligibility Verification").
Provider Assistance: 1-800-292-2550.

The Contractor is responsible for any cost related to defective cards discovered by either MDCH or the Contractor.



5. Card Issuance

The Contractor must produce and mail all new and replacement mihealth cards on a daily basis. Beneficiaries receive a mihealth card for the following reasons:

- They are newly eligible for one of the specified health care programs;
- The card issued was never received;
- The beneficiary's name has changed; or
- The issued card was lost, stolen or damaged.

The Contractor must be able to provide appropriate staff and resources to properly fulfill the requirements associated with mihealth card process development and mihealth card issuance required under the Contract. The Contractor must be able to address within a time frame acceptable to MDCH any identified problems, including but not necessarily limited to problems that need to be addressed immediately by the Contractor, changes/modifications requested by MDCH, and mihealth card reports.

The Contractor will receive all undeliverable mihealth cards. The assigned card control number on each undeliverable mihealth card must be recorded. The undeliverable cards must be shredded within 48 hours of receipt.

6. Reporting Requirements

The Contractor's mihealth card system must be capable of providing reports determined by MDCH to be necessary and with MDCH-specified data elements. Reports must be provided that include but may not be limited to the following:

- A daily card count report indicating how many cards were issued for the day, including undeliverable cards received by Update code (to identify program—Medicaid or CSHCS) and Status code (to identify initial card or replacement card);
- Monthly and annual card count reports; and
- A production summary report for each monthly invoice indicating the number of cards and inserts mailed, a breakdown of postage costs, and the number of cards returned to the Contractor as undeliverable.

7. Complaint Process

The Contractor must develop a complaint process to log complaints in the CRM regarding any card problems reported by providers, beneficiaries or their representatives and MDCH or another State agency (e.g., DHS. Logged information must include at least the following information: date of the complaint, nature of the complaint, resolution and date of resolution). MDCH must approve the complaint process and the log as well as any communications to beneficiaries or providers regarding mihealth card services prior to use by the Contractor. A copy of the complaint log must be provided to MDCH on a monthly basis.

L. Information Technology

The Contractor must maintain a management information system capable of supporting the administrative responsibilities included in this Contract. The system must be capable of producing comprehensive reports for MDCH, including, but not limited to monthly and annual enrollment reports, demographic reports as requested and any other management reports determined necessary by MDCH during the term of the Contract.

Within 10 business days of Contract award, the Contractor must provide a data system design analysis for the required management information system. The analysis must include file layouts, proposed reports and identify the means by which access by specified MDCH staff will be provided.

The Contractor's management information system must include up-to-date provider network information for all MHPs in a format specified by MDCH and include specified information regarding MICHild health and dental plans. The system must have the capacity to fully integrate with MDCH's management information system and data warehouse and must adhere to all federal and state policies and procedures in a HIPAA-compliant manner. The Contractor must allow MDCH or its designees access to all information maintained on the Contractor's database(s).



As used in this section, the term “designee” could include DTMB, DHS or any federal agency with oversight responsibilities for the health care programs administered by MDCH. Any references in this section to “MDCH” could include one or more of these entities in addition to or instead of MDCH.

The management information system and database requirements set forth in this section are summaries only. MDCH will provide detailed information regarding file layouts and database requirements to the Contractor upon Contract award. Many file layouts and database requirements are included in the Bidder's Library.

1. Management Information System Requirements

The Contractor and its management information system must meet the following requirements:

- The system must be compatible with MDCH's Medicaid Management Information System (MMIS) called Community Health Automated Medicaid Processing System (CHAMPS) and the MDCH data warehouse as well as MDCH's Oracle database used for the MOMS program. Any changes to MDCH's computer systems necessitating changes in the Contractor's management information system are “in scope” for the Contract and must be made in a timely manner acceptable to MDCH.
- All files prepared by the Contractor must be in the record formats prescribed by MDCH.
- The Contractor must be able to utilize all files provided by MDCH in the formats prescribed.
- The Contractor's management information system must be flexible and able to utilize and integrate data sent from the databases maintained by MDCH and its designees.
- The Contractor must manage the data sent by MDCH appropriately. The Contractor will be charged for data “refreshes” requested as the result of data mismanagement. Data refreshes necessary due to MDCH error will be provided without charge.
- The Contractor must maintain a complete testing environment with a test database. MDCH staff must have access to the test environment.
- All data conversions must be tested prior to implementation.
- The Contractor must have written policies and procedures to provide a secure computer room.
- The Contractor must have software control policies and procedures that meet State of Michigan standards for data security.
- The Contractor must develop and maintain disaster recovery policies and procedures. The Contractor must inform MDCH 30 calendar days prior to any change in these policies and procedures.
- The Contractor must have back-up policies and procedures and the capability to fully restore its management information system without MDCH intervention.
- The Contractor must notify MDCH of any system or software failure within two hours.
- The Contractor must retain all data collected for a minimum of seven years with data for the most recent two years maintained online. The Contractor may archive data after two years of inactivity.
- The Contractor's transaction submission error rate cannot exceed five percent.
- The Contractor must have computer log records to track data accessed in case of security or confidentiality breaches.
- The Contractor must notify MDCH of any security or confidentiality breach and provide an explanation of scope of the breach as well as a means to resolve it within 30 minutes of becoming aware of the breach, or within 30 minutes on the next business day if the breach occurs after normal MDCH business hours.
- The Contractor's management information system must have capacity for 2.5 million records initially with an average growth rate of 1 million records per year.
- The Contractor's management information system must be approved by MDCH, and any designees as appropriate. The system design and all data must be fully integrated.
- The Contractor must adhere to all HIPAA security and confidentiality rules consistent with federal requirements and MDCH policies and procedures. The Contractor must, prior to implementation of activities associated with the Contract, provide documentation of staff training in HIPAA security and confidentiality. Security and confidentiality agreements signed by the Contractor's staff must be available for review by MDCH prior to implementation of the Contract and upon request thereafter.



All data given to the Contractor by MDCH or its designees and all data collected by the Contractor in the performance of contractual duties is the property of MDCH and must be turned over to MDCH at such time as the Contract between the parties is terminated. The Contractor must allow MDCH online and hard copy access to this data within two weeks of request.

In addition, the information collected by the Contractor during the performance of duties required through this Contract is proprietary and may not be used for any other purpose without MDCH's permission.

2. Required Interfaces

The Contractor must develop or install, as directed by MDCH, interfaces for file transfers with MDCH and any designees. The number and structure of interfaces may change during the term of the Contract. Any additional interfaces or modifications to existing interfaces are within the scope of the Contract. The additional or modified interfaces may include, but are not limited to real time interfaces required under federal health reform.

The Contractor must develop and accept responsibility for an interface to transfer managed care enrollment choice information to MDCH in a format that will be provided by MDCH. The development and maintenance of the systems interface will be the responsibility of the Contractor. The Contractor must work with each MHP to arrange transfer of the following data on a frequency specified by MDCH:

- Daily transmission of enrollment/disenrollment choices of beneficiaries into or out of the MHPs in the required MDCH file layout. The Contractor must publish an implementation guide that has been approved by MDCH. The MHPs will receive from MDCH the monthly and weekly enrollment files that contain the official enrollment and disenrollment notification. Beneficiary choice of PCP within a health plan when applicable must be included on the daily enrollment file.
- MHP provider participation network – MHPs are required to report all changes within their provider network and their locations within seven days of the change using a record format supplied by MDCH (4275 file). The Contractor will edit the data before loading it on its database and notify MDCH of submissions by date and plan, with an indication of the number of errors by plan.
- A nightly batch transmission of referrals from the Contractor to Bridges when the Contractor determines a child potentially eligible for Medicaid; and nightly batch transmission of referrals from Bridges to the Contractor when Bridges determines that a child's income exceeds Medicaid thresholds. Regardless of how the referrals are received by the Contractor (paper application or online), the referral must be transmitted to the Bridges application for Medicaid eligibility determination.

The Contractor must have a secure file transfer and retrieval process that must be prior approved by MDCH. The Contractor must accept responsibility for acquisition and maintenance of all communications equipment, including, but not limited to lease lines and data transmission lines necessary to maintain the above communications. Data system design analysis must be must be approved by MDCH. The Contractor must bear the expense of any system modifications due to policy and/or health plan changes.

3. Data Transfers

The Contractor must develop or install, as directed by MDCH, mechanisms to facilitate data transfers required for the Contract. The requirements related to data transfers and the entities involved in the transfers may change during the term of the Contract. Any modifications to existing mechanisms are within the scope of the Contract. Expected data transfers include, but are not necessarily limited to:

- Data transfers from MDCH to the Contractor – MDCH will send two files of eligibility data each week day (excluding State holidays), one for Medicaid and one for CSHCS. The files will include data for newly eligible beneficiaries as well as any changes in demographic information for existing beneficiaries, such as change of address, county of residence, eligibility, etc. These files will be transferred utilizing the State's Data Exchange Gateway (DEG) and the data must be immediately assimilated into the Contractor's management information system.
- Data transfers from the Contractor to MDCH – The Contractor must send a file of enrollment transactions to MDCH each week day (excluding State holidays). The data transfers must be in a



format specified by MDCH for production files and be transferred utilizing the State's DEG. The Contractor must send MDCH on a daily basis an extract file of MICHild beneficiary enrollment data.

- Data transfers from the Contractor to and from Bridges – The Contractor must send a file from the Contractor when the Contractor determines a child to be potentially eligible for Medicaid. This will be in the form of a nightly batch transmission that will include data such as applicant demographics, application number, application income(s), etc. The file transfer will need to utilize the Bridges interface protocols so the data can be assimilated into Bridges for possible Medicaid eligibility. Also, the Contractor must be able to receive a file from Bridges to the Contractor when Bridges determines a child to exceed Medicaid income thresholds.

4. Medicaid/CSHCS/ABW Database

The Contractor must maintain the following data in a standard database format acceptable to MDCH. Specified MDCH staff must have online and document access to this data from outside the Contractor's location during every business day. The Contractor must provide training to MDCH staff regarding use of its databases.

- Beneficiary Database – The Contractor must maintain beneficiary data provided by MDCH in record formats identical to the formats supplied by MDCH. Data will relate to the following health care programs administered by MDCH: Medicaid, CSHCS and ABW. The record format must include a field specifying the date of file transmission by MDCH.
- MHP Database – The Contractor must maintain a complete list, by county, of all MHPs and the participating providers in each health plan. The database must also include service area by plan, whether or not the plan is getting auto-assignments and health plan enrollment capacity by county. This database must be kept current. The Contractor must also include in this database, or maintain a second database, that includes provider demographics and whether they are accepting new patients. The Contractor must maintain the data in formats supplied by MDCH.
- Complaint Log – The Contractor must maintain a database that includes a log of all complaints filed by beneficiaries regarding the education and/or enrollment process/protocols. The database must include beneficiary ID number, date of complaint, nature of the complaint, resolution and date of resolution. This information must interface with and be accessible through the Contractor's enrollment database.
- Daily Telephone Log – The Contractor must maintain a database that logs all incoming enrollment-related calls to the Contractor's toll-free telephone line. The database must include the name of the caller, the beneficiary's ID number and health care program, purpose of the call, person who answered the call and the resolution of the call. Non-enrollment calls are not to be included on this log; instead they should be documented in the CRM system.

5. MICHild/FTW/Plan First/MOMS Database

Beneficiary Database – The Contractor must maintain a database of MICHild applicants and beneficiaries as well as applicants and beneficiaries in FTW and Plan First Medicaid and in the MOMS program. The database must include at a minimum the following demographic data excerpted from the MICHild application or appropriate other sources in a standard database format and coding configuration acceptable to MDCH:

- Beneficiary Name;
- Address;
- County of residence;
- Residency status;
- Citizenship status (including ESO);
- Date of Birth;
- Gender;
- Race;
- Pregnancy Status;
- Parent or guardian names;
- Countable income;
- Social security number;
- MICHild health plan enrollment or disenrollment with reason for disenrollment;
- Begin and end dates of MICHild health plan enrollment;



- Begin and end dates of MICHild eligibility;
- Status of MICHild application/redetermination – approved, denied with reason for denial, referred for Medicaid or CSHCS;
- Type of application – online, paper, submitted by agency (name of submitting agency);
- Begin and end dates of FTW eligibility;
- FTW premium payment required, by month;
- FTW premium payment status, by month – paid, invoiced, in arrears;
- Begin date of Plan First eligibility;
- End date of Plan First eligibility – reason for case closure, e.g., Medicaid eligibility determined;
- MOMS preliminary eligibility granted;
- Begin and end date of MOMS eligibility; and
- Any unique identifiers assigned by either the Contractor or MDCH.

6. MICHild Health Plan Database

The Contractor must maintain a complete list, by county, of all health and dental plans and of all mental health and substance abuse services providers available to MICHild beneficiaries.

7. Complaint Log

The Contractor must maintain a database that includes a log of all complaints filed by MICHild, FTW, Plan First or MOMS beneficiaries regarding the Contractor's services. The database must include beneficiary ID number, date of complaint, nature of the complaint, resolution and date of resolution. This information must be accessible to MDCH.

8. Daily Telephone Log

The Contractor must maintain a database that logs all incoming calls to the Contractor's toll-free telephone line. The database must include the name of the caller, the beneficiary's ID number and health care program, purpose of the call, person who answered the call and the resolution of the call.

M. Administrative Requirements

The Contractor and its Subcontractors must comply with federal law at 42 USC 1396b(b)(4) and federal regulations at 42 CFR 438.810(b)(1), which prohibit federal financial participation for the services of an enrollment broker unless the broker and any Subcontractors are independent of any managed care entities or other health care providers in the state in which they provide enrollment services. The law also requires that the broker and any Subcontractors be free from conflict of interest. As such, the Contractor and any subcontractors must, for the term of the Contract, be independent from any health care organization or provider of health, dental, mental health or substance abuse care or any other health care provider doing business in the State of Michigan. This requirement is applicable to any health care program administered by MDCH. Freedom from conflict of interest means that no person who is an owner, employee, consultant of the broker or a Subcontractor, or who has any contract with the broker may have any direct or indirect financial interest with a managed care entity or health care provider that furnishes services in Michigan. The Contractor and its Subcontractors also must not have been (1) excluded from participation in medical services programs under either 42 USC 1395 or 1396; (2) debarred by any federal agency; or (3) subject to a civil penalty under 42 USC 301 et seq.

The Contractor must be incorporated in the State of Michigan or authorized to conduct business in Michigan. The Contractor must maintain an appropriately staffed office and one or more call centers staffed to handle up to four toll-free telephone lines for the various tasks included in the Contract. The office and call center(s) must be located in the Greater Lansing area, within an 20-mile radius of the administrative offices of MDCH's Medical Services Administration, currently located at 400 S. Pine in Lansing, Michigan. The physical proximity is designed to facilitate the close working relationship between the Contractor and MDCH, as well as efficiency in travel times and expenses for MDCH staff. The Contractor must maintain offices within this proximity for the duration of the Contract. The local office must retain, at a minimum, all financial records, clients records, resources, management information systems, data storage and staff appropriate to manage the tasks included in the Contract.

In addition to the local office, the Contractor must establish offices in geographic areas throughout Michigan based on distribution of the beneficiary population. The field offices must be located to



facilitate beneficiary access to services provided by the Contractor. It is expected that the general population will desire and be able to access services during convenient hours in a known and easy to access physical location within their county of residence. If the Contractor does not establish offices in each county then a thorough explanation of how these services will be offered sufficiently to meet the needs of the general population must be included in the proposal. Facilities utilized must meet the access requirements contained in the Americans with Disabilities Act of 1990. These field offices must be staffed to adequately meet the requirements of the Contract while assuring that no direct managed care marketing occurs. Activities must include, but may not be limited to timely and accurate interactions with beneficiaries, the provision of information and education regarding MDCH programs and services, enrollment activities, data exchange and reporting.

MDCH requires that all written material, including letters, forms and informational pamphlets, be at or below a 6th grade reading level. MDCH will determine and advise the Contractor of any alternate formats that must be made available to beneficiaries upon request.

All written materials must also be translated in prevalent languages as determined annually by MDCH, and the Contractor must provide adequate assurances to MDCH regarding the accuracy of the translated materials upon MDCH request. MDCH currently considers Arabic and Spanish to be prevalent languages in addition to English, however additional languages could be determined prevalent in the future and the Contractor would also be required to prepare materials in those languages. When indicated by MDCH, written materials such as beneficiary letters must have instructions in Arabic and Spanish directing the beneficiary to contact the Beneficiary Helpline if help is needed to understand the letter. All written materials must be reviewed and approved by MDCH prior to use.

The Contractor must also comply with the following administrative requirements:

- Furnish and supply offices at Contractor expense including telephones, paper supplies, postage machines, furniture and other necessary items for the work force;
- Develop written policies and procedures, employee manuals, external and internal communication protocols and training materials necessary to fulfill the requirements of the Contract, assuring that MDCH approval is obtained as appropriate;
- Develop detailed and HIPAA-compliant procedures for the security and safeguarding of documents and files including the loss, misuse, or dissemination of confidential information to unauthorized personnel, assuring that MDCH approval is obtained as appropriate;
- Provide and distribute MDCH-approved photo IDs to the phone counselors;
- Maintain strict adherence by all staff to MDCH's HIPAA security procedures; and
- Provide timely notification to MDCH of any employee terminations and the employee user IDs and passwords to permit removal of these access codes from MDCH computer systems.

The Contractor must perform an annual Statement of Auditing Standards (SAS-70) Level II review of its MICHild administrative responsibilities and submit the results of the review to MDCH within two weeks of its completion. The SAS-70 audit must include an evaluation of the Contractor's internal controls relative to its own operations as well as those of any subcontractors. The audit must also include a technical description of the Contractor's management information systems architecture (e.g., hardware components, operating system, database management system, access paths, etc.).

The Contractor must have meeting rooms available to hold various weekly and monthly meetings, including Project Management, Operation Workgroups and other meetings determined necessary by MDCH throughout the term of the Contract. The Contractor must also have storage available for a 12-month supply of all materials required through the Contract to be sent by the Contractor to applicants for and beneficiaries covered by the health care programs administered by MDCH. These materials also include forms and publications prepared by MDCH and provided to the Contractor.

N. Internal Controls and Quality Assurance Monitoring

The Contractor must develop and operationalize internal policies, procedures and controls that ensure the quality of the services that it provides for the applicants and beneficiaries in the various health care programs under MDCH's purview. All policies and procedures must be approved by MDCH prior to implementation. Internal procedures must include audits to ensure all quality



standards set forth in the Contract are met, whether provided directly by the Contractor or through a subcontractor, including, but not limited to the following:

- Compliance with federal and State laws related to confidentiality and privacy of information;
- Standards of conduct and compliance with MDCH requirements by phone counselors and other staff having direct contact with applicants and beneficiaries;
- Standards of promptness timelines for response to verbal, telephonic and written requests for enrollment information, education and assistance;
- Compliance with MDCH requirements for timeliness and accuracy of mailings to applicants and beneficiaries;
- Accuracy of eligibility determination recommendations;
- Standards of promptness timelines for processing applications and for notifications to applicants;
- Compliance with MDCH requirements for record retention; and
- Compliance with data system production, security and maintenance requirements.

MDCH will perform oversight and monitoring activities to ensure that the Contractor maintains compliance with the quality standards set forth in the Contract including, but not necessarily limited to:

- Review reports and logs submitted by the Contractor;
- Monitor compliance with Contract requirements;
- Conduct unscheduled site visits for performance auditing purposes;
- Conduct an independent evaluation of the enrollment counselor process at least annually, including beneficiary satisfaction surveys;
- Evaluate effectiveness of educational materials and activities;
- Conduct annual audits of the accounting records related to the Contract, including accounting records of any parent, affiliate or subsidiary of the Contractor as well as any subcontractor;
- Meet with the Contractor on a monthly basis, at a minimum, to review enrollment status and to discuss any other concerns related to the activities required under the Contract;
- Monitor the Contractor to ensure provision of adequate levels of service;
- Facilitate open communication and prompt resolution of problems between the Contractor, MDCH, health plans or any other entities involved in activities included under the Contract;
- Apply sanctions as necessary to assure compliance with enrollment services contract requirements;
- Collaborate with the Contractor to improve services; and
- Identify errors, discrepancies in beneficiary information and enrollment requests unable to be processed in data transmitted to MDCH by the Contractor.

O. Compliance with Federal and State Laws, Rules, Regulations, Policies and Guidelines

The Contractor must comply with all federal and State laws, rules, regulations, policies and guidelines governing the tasks required under the Contract. Although **Section 2.210** of the Contract speaks generally to Governing Law requirements, the following provisions are particularly noteworthy as they apply to the Contract:

- Any services or deliverables paid in association with the Contract will be from federal and State funds and any false claims, statements or documents, or any concealment of a material fact may be prosecuted under applicable federal or State laws and regulations, including the Michigan False Claims Act.
- The Contractor must comply in all material respects with all federal and State mandated regulations, rules, orders or guidance applicable to privacy, security and electronic transactions, including without limitation regulations promulgated under Title II Subtitle F of the Health Insurance Portability and Accountability Act (Public Law 104-191) (HIPAA). Furthermore, the Contractor must comply with any new or revised legislation, regulations, rules or orders applicable to tasks awarded to the Contractor pursuant to the Contract including, without limitation, the Standards for Privacy of Individually Identifiable Health Information or similar legislation (collectively, "Laws"), in order to ensure the Contractor is at all times in conformance with all Laws.
- The Contractor must sign a Business Associate Agreement (BAA) with MDCH and affirm therein compliance with all applicable HIPAA requirements. The BAA will also include language regarding Security and Confidentiality, as referenced in **Section 2.090** and **Section 2.100** in the Contract.



P. Value-Added Services

MDCH is interested in the Contractor's ability to provide value-added services above the minimum requirements. Value-added services include any services or deliverables that would improve the beneficiary experience and/or reduce MDCH costs. These services may include, but are not limited to:

- Online health plan enrollment options;
- Online premium payment options;
- Online mihealth card services;
- Development of a process for making premium payments in cash;
- Bi-lingual phone counselors; and
- Development of enhanced relationships with community-based organizations.

Q. Additional Enrollment Broker Services

The State may require additional enrollment broker services for other programs and State agencies in the future. As such needs arise, the State may request a quote/proposal from the Contractor and, if the quote/proposal is acceptable, the State will incorporate the statement of work into the Contract.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

The Contractor must provide adequate staffing to assure efficient and effective performance of the tasks required under the Contract. Staff must be qualified to perform the tasks and the work required under the Contract must be guided by personnel experienced in the type of tasks involved.

A. Key Personnel

For purposes of the Contract, the following are considered Key Personnel:

1. Phyllis Easton: *Project Manager*. The Contractor must have a Project Manager as a single point of contact for MDCH with overall responsibility for the Contractor's functions under the Contract. The Project Manager must have the authority to make decisions and to resolve problems on his/her company's behalf with the State (both MDCH and DTMB).
2. Jerry Armstrong, Darlene Holt, Terri Reed, Laurthel Hayes III, Tara Clark: *Project Sub-Managers*. MDCH considers individuals responsible for specified major operational activities under the Contract to be Key Personnel if they report directly to the Project Manager. Examples may include but are not limited to individuals supervising call center or enrollment processing activities. Recognizing that the Project Manager may not always be readily available to resolve day-to-day operational problems, the Project Sub-Managers must be available by email or telephone to respond to inquiries from MDCH staff within 30 minutes of contact during every business day.
3. Glenadene Goodrich: *Financial Manager*. MDCH considers it important that the Contractor have a knowledgeable and experienced member of its staff responsible for financial management, including premium collection.
4. Bob Engels: *Management Information Systems (IS) Manager*. A significant share of the work involved for the Contract involves information technology. Accordingly, to assure that the tasks are managed effectively, an on-site IS manager and IS staff are required.

B. Staff Training

The Contractor must provide training appropriate to the specific tasks. This training must be provided for all new employees prior to assuming their duties. Training must include, but not be limited to such topics as Medicaid, MICHild and other MDCH programs, cultural competency, managed care and special populations. The Contractor must conduct regular refresher training to assure that all staff are aware of any program, process or policy changes. The Contractor must permit the State (MDCH and/or DTMB) access to records relating to such training and, if requested, permit State staff to attend (monitor) training programs.



1.040 Project Plan

1.041 Project Plan Management

A. Project Management by the Contractor

The Contractor must carry out the tasks required by the Contract under the direction and control of MDCH. Although there will be continuous liaison with the Contractor's team, the Contractor's Project Manager must meet regularly with the MDCH Project Manager for the duration of the Contract period. The purpose of the meetings will be to review progress on issues related to new initiatives or problem resolution and to discuss any other matters determined pertinent by the parties.

Project management meetings will occur on a bi-weekly basis at a minimum, may be either face-to-face or via telephone at the discretion of the MDCH Project Manager and will include additional staff from both parties as well as Subcontractors if applicable and determined appropriate. Meetings will be held at a mutually agreeable location and special meetings may be called by either party to address problems or issues requiring immediate attention.

During the initial months of the Contract project management meetings may occur more frequently if determined necessary for effective implementation of Contract requirements.

The Contractor must be responsive to any issues raised by MDCH staff. The Contractor's Key Personnel, or other specifically designated staff must be available by email or telephone to respond to inquiries or concerns from MDCH staff by close of business on the day of contact.

The Contractor's Project Manager must submit brief written monthly summaries of progress specific to the various tasks required under the Contract to the MDCH Project Manager. The summaries must outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, that should be brought to the attention of the MDCH Project Manager; and any significant deviation from previously agreed-upon work statements. These monthly reports must be submitted to the MDCH Project Manager via email on a schedule to be mutually agreed upon. These reports are in addition to any reports required in the tasks described in **Section 1.022** and **Section 1.042** of the Contract. During the first few months of the Contract, emailed progress reports will be required on a weekly basis. The MDCH Project Manager will determine when weekly reports are no longer required.

Within 10 business days of Contract effective date, the Contractor's Project Manager must submit a work plan to the MDCH Project Manager for final approval. This work plan must be in agreement with any documents included in the Contractor's proposal and accepted by the State for the Contract and must, at a minimum, include the following items.

- The Contractor's organization structure, including Subcontractors, if any.
- The Contractor's staffing table with names and titles of both Key Personnel and any subordinate supervisory staff assigned to the various tasks required by the Contract. This must be in agreement with staffing identified in the accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval by the State (MDCH and/or DTMB depending on which staff are involved).
- A breakdown for each task that shows process flows, systems requirements and functionalities, timelines and reports and staff resources required and allocated to each.
- A time-phased plan, graphically displayed, showing events and decision points included in the Contractor's work plan.

B. Project Management by MDCH

MDCH will, if determined necessary, conduct a readiness review of the awarded Contractor beginning as early as the effective date the Contract. DTMB, at its discretion, may participate in this readiness review as well.

As a part of the readiness review, the Contractor must submit documentation and/or demonstrate the Contractor's readiness to perform in operational areas including, but not limited to:

- Staffing;
- Call center(s);



- Management information system;
- Mailing services;
- Enrollment, disenrollment, education and assistance;
- Outreach and cooperation with community agencies;
- Health program administration;
- Premium collection;
- Mihealth card services;
- Interactive Voice Response system; and
- Online application system.

As a part of the readiness review, the Contractor must also demonstrate its ability to perform major tasks outlined in the Contract. In the event the Contractor is unable to demonstrate to MDCH's satisfaction the Contractor's readiness to perform one of the major tasks outlined in the table below by the required due date, the Contractor may be subject to the liquidated damages set forth in **Section 2.243** of the Contract. Collection of any liquidated damages will be through gross adjustments to the payments described in **Section 1.062** of the Contract.

Item No.	Readiness Review Task	Due Date
1	Submit work plan including a transition plan	10 business days after Contract award
2	Provide data system design analysis for management information system, as set forth in Section 1.022.L	10 business days after Contract award
3	Demonstrate that a management information system has been developed to meet the requirements of Section 1.022.L including HIPAA compliance	60 calendar days prior to Contract effective date
4	Demonstrate ability to receive and process beneficiary eligibility information electronically in the file format specified by MDCH	60 calendar days prior to Contract effective date
5	Demonstrate ability to send eligibility, enrollment and disenrollment files electronically in the file format specified by MDCH	60 calendar days prior to Contract effective date
6	Develop and obtain MDCH approval of auto-assignment algorithm	60 calendar days prior to Contract effective date
7	Build databases required to carry out the requirements set forth in the Contract (MHP providers, MHP/CHP enrollment, MICHild, Plan First, MOMS, FTW, etc)	60 calendar days prior to Contract effective date
8	Demonstrate ability to accept daily mihealth card file in format specified by MDCH and to produce mihealth cards to MDCH's specifications	60 calendar days prior to Contract effective date
9	Develop online application process for MICHild, Healthy Kids Medicaid, Plan First and MOMs	30 calendar days prior to Contract effective date
10	Demonstrate ability to accept and process network provider files from MHPs	30 calendar days prior to Contract effective date
11	Demonstrate that the required telephone lines are up and running	30 calendar days prior to Contract effective date
12	Establish IVRS to MDCH's specifications	30 calendar days prior to Contract effective date
13	Demonstrate that telephone call center staff have been trained, understand their roles and responsibilities and have content knowledge related to their assigned program(s) and tasks	30 calendar days prior to Contract effective date
14	Demonstrate that a staff desk reference manual and all required forms, letter templates and brochures have been developed in compliance with MDCH specifications	30 calendar days prior to Contract effective date
15	Demonstrate both staff and systems ability to process MICHild and FTW premium payments and to update	30 calendar days prior to Contract effective date



	database with payment or non-payment information; demonstrate staff training results	
16	Demonstrate that internal policies and procedures to ensure the quality of services provided to MDCH and program applicants and beneficiaries have been developed	30 calendar days prior to Contract effective date

A Project Manager will be designated by MDCH as the primary point of contact between the Contractor and personnel in MDCH. The MDCH Project Manager will:

- Perform or oversee the performance by State staff of a periodic quality assurance review of tasks required by the Contract;
- Ensure that the Contractor is provided with necessary systems and interface specifications and any forms or formats required for the performance of the contracted tasks;
- Respond in a timely manner to requests for clarification of MDCH policies and procedures as they relate to tasks required under the Contract; and
- Ensure that the Contractor's staff is provided with access as appropriate to other data or systems necessary to fulfill the requirements of the Contract.

The referenced quality assurance review by State staff is separate and distinct from the quality assurance monitoring required of the Contractor.

MDCH will review and respond with either an approval, denial or request for revision all forms, form letters, literature and other documents submitted by the Contractor that are intended for issuance to applicants or beneficiaries of the health care programs under its purview. MDCH will also review and provide a response regarding any documents prepared for distribution to other parties. Such review and approval is required prior to their use by either the Contractor or a Subcontractor, if applicable.

1.042 Reports

The Contractor must provide, during the period of the Contract, standardized and ad hoc reports from information in its database as specified by MDCH and related to all tasks required under the Contract. The content and format for all reports, the methodologies for generating them and the time frame for submitting them to the MDCH Project Manager will be mutually determined and could change over time. All report formats must be approved by MDCH prior to implementation. Reports must be submitted electronically and by hard copy unless otherwise specified by MDCH. Additional reports determined necessary by MDCH are within the scope of the Contract.

A. Weekly and Monthly Reports

The Contractor's reports must be accompanied by a narrative explaining trends and problems experienced since the previous report and recommendations to MDCH for policy or procedure changes if applicable. The Contractor may also provide comments if appropriate.

1. Medicaid standardized summary reports, issued monthly, that provide some combination of the following data elements related to managed care enrollment for the preceding month:
 - Number of beneficiaries referred by MDCH for health plan enrollment;
 - Number of beneficiaries successfully enrolled during the month, by enrollment date and by type of health plan selected;
 - Method of enrollment by beneficiaries that choose a health plan;
 - Auto-assignments by county and by health plan;
 - Number of enrollments still pending, with reasons;
 - Number of other incomplete enrollments, including pending enrollments from previous months and new referrals from MDCH not yet acted upon;
 - Number of enrollment changes from one health plan to another, with reason for change; and
 - Number of health plan disenrollments, with reasons.
2. MIChild standardized summary reports, issued weekly, that provide some combination of the following data elements related to program activities for the preceding week:



- Number of new applications received each day, both from the general public and from DHS, reported separately by means of application, with a total for the week;
 - Number of new applications processed each day, both from the general public and from DHS, with a total for the week;
 - Number of children included on new applications received, for the week;
 - Number of pregnant women with “unborn children” included on new applications received, for the week;
 - Number of applications mailed, for the week;
 - Number of renewal applications mailed each day;
 - Number of renewal applications received each day;
 - Number of children included on renewal applications received, for the week;
 - Number of new applications approved each day, separately for children and pregnant women with “unborn children”;
 - Number of renewal applications approved each day;
 - Number of new applications sent to DHS staff for Healthy Kids Medicaid review, each day;
 - Number of renewal applications sent to DHS staff for Healthy Kids Medicaid review, each day;
 - Number of new applications denied for MICHild, each day;
 - Number of beneficiaries disenrolled due to active Medicaid, for the week, separately for children and pregnant women with “unborn children”;
 - Number of beneficiaries disenrolled for failure to pay premiums, for the week;
 - Number of beneficiaries disenrolled for failure to return renewal form, for the week;
 - Number of applications referred to DHS staff for Healthy Kids Medicaid review due to audit results, for the week, separately for new and renewal applications;
 - Number of applications within the ten-day pending period, for the week, separately for new and renewal applications;
 - Number of incomplete applications pending, for the week, separately for new and renewal applications;
 - Number of telephone calls received, for the week; and
 - Average abandoned call rate, for the week.
3. MICHild standardized summary reports, issued monthly, that provide some combination of the following data elements related to program activities for the preceding month:
- Number of children for whom new applications were processed, including the number of children enrolled in MICHild, referred to DHS staff for Healthy Kids Medicaid review, and denied;
 - Number of children for whom renewal applications were processed, including the number of children enrolled in MICHild, referred to DHS staff for Healthy Kids Medicaid review, and denied;
 - Number of pregnant women with “unborn children” for which new applications were processed, including the number of women enrolled and the number denied;
 - Number of beneficiaries enrolled, including a separate estimate of the number of CHIP-eligible children age 16 to 18 receiving health care through Healthy Kids Medicaid;
 - Number of beneficiaries enrolled by gender, age and race/ethnicity, stated as percentages of total enrollment;
 - Number of CSHCS-participating children enrolled in MICHild;
 - Number of new and cumulative MICHild beneficiaries enrolled with health and dental plans by county and by plan;
 - Number of beneficiaries granted preliminary eligibility by health plans, reported by plan;
 - Number of applications received and the number of children applying, by county and listing separately the number of new applications and the number of renewal applications;
 - Number of applications approved and pending, separately for new and renewal applications;
 - Number of application denials, listing the reasons for denial and the percentage and number for each denial reason, separately for new and renewal applications; and
 - Number of telephone calls received, with abandoned call rates and amount of time callers are in the calling queue before the call is distributed to staff.



4. Time frame between receipt of electronic eligibility notification from MDCH for Medicaid and ABW and enrollment in an MHP or CHP, including average, maximum and minimum time frames – monthly.
5. Time frame for MIChild eligibility determinations, including standard of promptness information – monthly.
6. Premium amounts due and collected, reported separately for MIChild and FTW Medicaid – monthly.
7. Complaints and grievances filed, by program, with resolutions – monthly.
8. Report of survey results for families that did not return renewal application forms – monthly.
9. Breakdown of the sources of information about the MIChild program learned from callers to the MIChild telephone line – monthly.
10. CMS report data, due on a quarterly and annual basis, that includes some combination of the following data elements about MIChild:
 - Unduplicated number of children ever enrolled during reporting period, by age
 - Unduplicated number of new enrollees during reporting period, by age
 - Unduplicated number of disenrollees during reporting period, by age
 - Number of member months of enrollment during reporting period, by age
 - Average number of member months
 - Number of children enrolled at the end of the reporting period
 - Unduplicated enrollment by gender, race and ethnicity
11. MDCH budget reports, issued quarterly, that provide information about MIChild premium collections, refunds and returned check amounts.

B. Ad Hoc Reports

The Contractor will be required to submit a number of ad hoc reports periodically. These reports could vary as to format and frequency and will include, but not necessarily be limited to the following information:

1. Telephone Logs

- Separate logs must be kept on the Contractor's database for Medicaid, ABW and MIChild enrollment calls, showing the number of calls answered per day/week/month by each operator, by source and by type of call (e.g., enrollment, disenrollment or change). The log must also reflect any transfer of information through the CRM system. Specified MDCH staff must have access to the database on which this information is stored.
- Separate logs must be kept on the Contractor's database for Beneficiary Helpline calls, showing the number of calls answered per day/week/month by each operator, by source and by type of and reason for call (e.g., inquiry, complaint, publication or form request, including requests for the MDCH Hearing Request Form). Information should also be stored that identifies reported questions regarding covered services and problems accessing services, by program. The log must also reflect any transfer of information through the CRM system. Specified MDCH staff must have access to the database on which this information is stored.

Extensive reporting by the telephone company of telephone activity will be required to assure that the Contractor is fulfilling the promptness and quality standard requirements of the Contract. The Contractor must submit monthly reports obtained from its phone company to MDCH, which must include, but not necessarily be limited to the following information:

- Number of telephone calls answered per day/per week/per month by each operator;
- Number of telephone calls received by all operators per day/week/month;
- Number of calls in the queue at peak times during the month;
- Wait time for calls in queue, including average, maximum and minimum time frames;
- Average length of call per operator per day; and
- Active time and inactive time for each operator's line during the month.



2. Mail Log – monthly
 - Number of mailings and number of beneficiaries per mailing;
 - Type of each mailing;
 - Reason for each mailing; and
 - Date of the mailing.
3. Other Contacts – monthly
 - Method of contact (phone, mail, etc.);
 - Source; and
 - Reason for contact.
4. Presentations – monthly
 - Number;
 - Audience; and
 - Date.
5. Number of referrals by type and by agency – monthly
6. Other reports as requested by MDCH

1.050 Acceptance

1.051 Criteria

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this Statement of Work.

The MDCH Project Manager will be responsible for verifying that the work:

- Was performed within the time period referenced;
- Meets the deliverables criteria; and
- Was performed according to the Contract specifications.

Before implementing any of the tasks described in **Section 1.022** the Contractor must perform necessary testing and quality assurance tasks to verify compliance with the requirements in the Contract. Included in this requirement is the development of any electronic systems, reports, documents or other protocols established in order to perform the required tasks. The Contractor must demonstrate such compliance to the satisfaction of the MDCH Project Manager. If modifications are required, they must be made prior to Contract implementation. A readiness review will be conducted if determined appropriate by the MDCH Project Manager. See more about the readiness review in **Section 1.041.B**.

For the duration of the Contract, should the MDCH Project Manager advise the Contractor of modifications that must be made in any electronic systems, reports, documents or other protocols associated with the tasks being performed by the Contractor or any Subcontractor, either due to issues with the way such tasks are being performed or due to changes in federal or state requirements, the Contractor must at no cost to MDCH make such modifications within time frames mutually determined by the MDCH Project Manager and the Contractor.

The MDCH Project Manager will be responsible for reviewing each invoice from the Contractor(s) to ensure that the amounts billed are consistent with deliverables. Once the MDCH Project Manager approves the invoice he/she will forward it to MDCH Purchasing for payment via the established MDCH approval path.

1.052 Final Acceptance – Deleted/NA

1.060 Pricing



1.061 Pricing

For authorized Services and Price List, see Attachment A.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.

1.062 Price Term

Prices are firm for the entire length of the Contract.

If at any time during the period of this Contract, the Contractor enters into a fixed-price services contract with any other state governmental customer, and, as a result of the Patient Protection and Affordable Care Act, PL 111-148 enacted on March 23, 2010 and as amended on March 30, 2010 by the Health Care and Education Reconciliation Act of 2010, PL 111-152, provides such customer equivalent services in equivalent volumes at lower prices than those included in this Contract under materially similar terms and conditions, the Contractor must within 30 days of implementing or providing such terms to another party either (a) offer the better pricing terms to the State of Michigan, or (b) present to the State a written argument that this clause is inapplicable, and/or that a price adjustment is inappropriate, under the circumstance. Upon written request by the State, but not more than annually, the Contractor must provide a written certification stating that the Contractor is in full compliance with this Section for the Contract year. The Contractor will not be obligated for any retroactive price adjustment that is a direct result of the enforcement of this clause.

1.063 Tax Excluded from Price

- (a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.
- (b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

1.064 Holdback – Deleted/NA

1.070 Additional Requirements

1.071 Additional Terms and Conditions specific to the Contract

- A. Contractor Liability for Fiscal Sanctions
If any State or federal agency or court of law imposes fiscal sanctions or disallowances against MDCH or DHS as a result of the Contractor's action or inaction associated with an Activity covered by the Contract, the Contractor must accept fiscal liability and compensate MDCH or DHS for any and all sanctioned or disallowed amounts. This liability extends to the Contractor's Subcontractors, if any.
- B. Contractor's Failure to Comply
Should the Contractor at any time: 1) refuse or neglect to supply adequate and competent supervision; 2) refuse or fail to provide sufficient and properly skilled personnel, equipment or materials of the proper quality or quantity; 3) fail to provide the services in accordance with the time frames set forth in the Contract; or 4) fail in the performance of any item or condition contained in the Contract not otherwise covered by a Service Level Agreement (SLA), the State (MDCH and/or DTMB) may in addition to any other contractual, legal or equitable remedies proceed to take any one or more of the following actions after five business days written notice to the Contractor:



- Withhold any monies then or next due to the Contractor;
- Obtain the services or their equivalent from a third party, pay the third party for same, and withhold the amount so paid to the third party from any money then or thereafter due to the Contractor; or
- Withhold monies in the amount of any damage caused by any deficiency, error or delay in the services.

C. Service Level Agreements (SLAs) and At Risk Fees

The Contractor must meet the Performance Commitment level for each of the SLAs listed below. The Contractor must ensure that the SLAs are measurable using the Contractor's standard management information systems. The State reserves the right to independently verify the Contractor's assessment of its performance, either by State employee or third party review. Disagreements regarding SLAs will be subject to Dispute Resolution (Section 2.190).

The Contractor must notify MDCH as soon as it becomes aware that it will not meet, or is unlikely to meet, any of the Performance Commitments for the SLAs for the reporting period. Within five business days of notifying MDCH, the Contractor must submit a corrective action plan for MDCH approval. The Contractor must also submit a corrective action plan at any time upon MDCH request when the failure is identified by MDCH.

In the event the Contractor fails to meet a Performance Commitment for two or more consecutive reporting periods, MDCH reserves the right to withhold the applicable At Risk Fees outlined below from the payments described in **Section 1.062** of the Contract.

(a) Performance Category: Customer Service

Performance Commitment(s):

1. One hundred percent of incoming telephone calls will be answered within four rings (a call pick-up system which places the calls in a queue may be used)
2. The average wait time for calls in the queue will not exceed three minutes
3. The abandoned (dropped) call rate will not exceed five percent of the Contractor's total call volume
4. One hundred percent of all after-hours calls will be returned the following business day

Measurement: Monthly reports

At Risk Fees: \$2,500.00 for each month the Contractor fails to meet a Performance Commitment

(b) Performance Category: Customer Service

Performance Commitment(s): The Contractor will notify MDCH of any changes to its phone counselor desk reference. The Contractor will make available to MDCH a copy of its desk reference on a monthly basis and each time changes are made.

Measurement: Monthly notification

At Risk Fees: \$2,500.00 for each month the Contractor fails to meet the Performance Commitment

(c) Performance Category: Medicaid/ABW Enrollment

Performance Commitment(s):

1. The Contractor will begin the enrollment process within three business days of notification of beneficiary eligibility in at least 98 percent of all beneficiary cases
2. The enrollment process will be completed within 28 business days of notification of beneficiary eligibility in at least 97 percent of all beneficiary cases
3. At least 98 percent of all enrollments for beneficiaries that choose a health plan will be processed within three business days of being notified of the beneficiary's choice
4. At least 98 percent of all enrollments will be confirmed within three business days of processing the enrollment

The Contractor will also notify MDCH of *any* beneficiary case where it fails to meet the enrollment process deadlines set forth above.

Measurement: Monthly reports

At Risk Fees: \$2,500.00 for each month the Contractor fails to meet a Performance Commitment



- (d) Performance Category: Medicaid/ABW Enrollment
Performance Commitment(s): The Contractor will monitor daily health plan enrollment and capacity numbers to assure enrollments do not exceed any health plan's capacity and will stop all auto-assignments when the health plan's capacity has reached the maximum enrollment capacity established by MDCH. The Contractor will report health plan enrollment and capacity numbers to MDCH on a monthly basis.
Measurement: Monthly reports
At Risk Fees: \$2,500.00 for each month the Contractor fails to meet the Performance Commitment
- (e) Performance Category: Medicaid/ABW Enrollment
Performance Commitment(s): The Contractor will, at a minimum, update the MHP provider network database on a weekly basis. The Contractor will notify MDCH each time the MHP provider network database is updated. The Contractor is not required to update the MHP provider network database in any week it does not receive network updates from the MHPs.
Measurement: Weekly notification
At Risk Fees: \$2,500.00 for each week the Contractor fails to meet the Performance Commitment
- (f) Performance Category: Beneficiary Education
Performance Commitment(s): The Contractor will convene, at a minimum, three general education meetings each quarter. The locations of the general meetings each quarter must be mutually agreed upon by the Contractor and MDCH.
Measurement: Quarterly reports
At Risk Fees: \$7,500.00 for each quarter the Contractor fails to meet the Performance Commitment
- (g) Performance Category: Mailing Enrollment Packets and Other Mailings
Performance Commitment(s): The Contractor will mail at least 98 percent of all enrollment packets and letters within the time frames set forth in **Section 1.022.D.1** of the Contract.
Measurement: Monthly reports
At Risk Fees: \$5,000.00 for each month the Contractor fails to meet the Performance Commitment
- (h) Performance Category: Mihealth Card Service
Performance Commitment(s): 100 percent of all mihealth cards will be mailed within 48 hours of receipt of the card file from MDCH
Measurement: Monthly reports
At Risk Fees: \$10,000.00 for each month the Contractor fails to meet the Performance Commitment
- (i) Performance Category: MICHild Program Activities
Performance Commitment(s): At least 98 percent of all MICHild applications will be mailed to the requestor within two business days of the request
Measurement: Monthly reports
At Risk Fees: \$1,500.00 for each month the Contractor fails to meet the Performance Commitment
- (j) Performance Category: MICHild Program Activities
Performance Commitment(s):
 1. At least 98 percent of all MICHild applications will be reviewed and entered into the Contractor's database within two business days of receipt
 2. 100 percent of all MICHild applications will be responded to with an eligibility decision within ten business days of the date the complete application was received
 The Contractor will also notify MDCH of *any* beneficiary case where it fails to meet the eligibility decision deadlines set forth above.
Measurement: Monthly reports and MDCH audits
At Risk Fees: \$5,000.00 for each month the Contractor fails to meet a Performance Commitment
- (k) Performance Category: MICHild Program Activities
Performance Commitment(s): At least 97 percent of all case files audited by MDCH will be determined to have been processed accurately by the Contractor
 The Contractor will also notify MDCH of *any* beneficiary case where it fails to meet the eligibility decision deadlines set forth above.



Measurement: Monthly reports and MDCH audits

At Risk Fees: \$5,000.00 for each month the Contractor fails to meet a Performance Commitment

- (l) Performance Category: MICHild Program Activities
Performance Commitment(s): 100 percent of all MICHild renewal applications will be mailed to beneficiaries at least 60 calendar days prior to the end of the beneficiary's eligibility year
Measurement: Monthly reports
At Risk Fees: \$7,500.00 for each month the Contractor fails to meet a Performance Commitment
- (m) Performance Category: MICHild Program Activities
Performance Commitment(s): The Contractor will perform an annual Statement of Auditing Standards (SAS-70) Level II review of its MICHild administrative responsibilities and submit the results to MDCH
Measurement: SAS-70 audit results
At Risk Fees: \$12,000.00 for each year the Contractor fails to perform a SAS-70 audit. The Contractor will also be subject to up to an additional \$15,000.00 in At Risk Fees for each major deficiency identified in the SAS-70 audit.
- (n) Performance Category: MOMS, Plan First and Healthy Kids Medicaid Eligibility
Performance Commitment(s): The Contractor will screen 100 percent of Healthy Kids Medicaid, Plan First and MOMS applications within ten business days of receipt
Measurement: Monthly reports
At Risk Fees: \$7,500.00 for each month the Contractor fails to meet the Performance Commitment
- (o) Performance Category: MICHild and FTW Medicaid Premium Collection
Performance Commitment(s): 100 percent of all payment option letters with premium payment coupons will be provided within five business days of approving a new application or redetermination of coverage for a MICHild beneficiary and within five business days of identifying an FTW Medicaid beneficiary for whom a premium payment notice is required
Measurement: Monthly reports
At Risk Fees: \$5,000.00 for each month the Contractor fails to meet the Performance Commitment
- (p) Performance Category: MICHild and FTW Medicaid Premium Collection
Performance Commitment(s):
 1. At least 98 percent of all payments received by check or money order will be processed within five business days of receipt
 2. At least 98 percent of all refunds due and owing will be mailed to the beneficiary or the beneficiary's family within 30 calendar of determining the need for a refundMeasurement: Monthly reports
At Risk Fees: \$10,000.00 for each month the Contractor fails to meet a Performance Commitment
- (q) Performance Category: MICHild and FTW Medicaid Premium Collection
Performance Commitment(s): 100 percent of all overdue premium reminder letters will be mailed within ten business days of the first day the balance becomes overdue
Measurement: Monthly reports
At Risk Fees: \$5,000.00 for each month the Contractor fails to meet the Performance Commitment
- (r) Performance Category: Information Technology
Performance Commitment(s): The Contractor's transaction submission error rate will not exceed five percent
Measurement: Monthly reports
At Risk Fees: \$15,000.00 for each month the Contractor fails to meet the Performance Commitment
- (s) Performance Category: Information Technology
Performance Commitment(s): 97 percent of daily and monthly file transfers will be made on a timely basis
Measurement: Monthly reports
At Risk Fees: \$5,000.00 for each instance the Contractor fails to perform a file transfer on a timely basis



- (t) Performance Category: Reporting
Performance Commitment(s): The Contractor will submit required reports by the due dates established by MDCH
Measurement: Monthly reports
At Risk Fees: \$1,000.00 for each instance the Contractor fails to submit a report by the due date established by MDCH



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

The Contract is for a period of six years beginning April 1, 2011 through March 31, 2017. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew

The Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to one additional one year period.

2.003 Legal Effect

Contractor must show acceptance of the Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under the Contract, until Contractor is notified in writing that the Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.004 Attachments & Exhibits

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing the Contract, are incorporated in their entirety and form part of the Contract.

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown; however, the Contractor must furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

- (a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.
- (b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.



2.007 Headings

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 Form, Function & Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 Reformation and Severability

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 No Waiver of Default

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.012 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.020 Contract Administration

2.021 Issuing Office

The Contract is issued by DTMB, Purchasing Operations and MDCH (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. Purchasing Operations **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of the Contract.** The Contractor Administrator within Purchasing Operations for the Contract is:

Lance Kingsbury
DTMB – Purchasing Operations
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email: kingsburyl@michigan.gov
Phone: 517-241-3768

2.022 Contract Compliance Inspector

After DTMB-Purchasing Operations receives the properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with MDCH, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Purchasing Operations.** The CCI for the Contract is:



Penny Saites
MDCH
320 South Walnut
Lansing, MI 48933
Email: saitesp@michigan.gov
Phone: 517-335-5096
Fax: 517-241-4845

2.023 Project Manager

The following individual will oversee the project:

Terry Geiger - Director, Customer Services Division
Medical Services Administration
Department of Community Health 400 S. Pine Street, Lansing, MI 48909
GeigerTer@michigan.gov
Phone: 517-373-6561
Fax: 517-373-9401

2.024 Change Requests

The State reserves the right to request, from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").
- (b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DTMB-Purchasing Operations.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of the Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of the contract, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

Either party may change its address where notices are to be sent by giving notice according to this Section.



2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 Assignments

- (a) Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the requirements of the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.
- (b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.
- (c) If the Contractor intends to assign the Contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

2.030 General Provisions

2.031 Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the Contract are to be released without prior written approval of the State and then only to persons designated.

2.032 Contract Distribution

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.



2.033 Permits

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 Website Incorporation

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent the Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any Bidder if the State determines that the Bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP.

2.036 Freedom of Information

All information in any proposal submitted to the State by Contractor and the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under the Contract must provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under the Contract is subsequently reduced by the State, the parties must negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under the Contract, the State must not be obligated to pay any amounts in addition to the charges specified in the Contract.

2.044 Invoicing and Payment – In General

- (a) Each Statement of Work issued under the Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice must show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis must show, for each individual, the number of hours of Services performed during the billing period, the billable



skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

- (c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the CCI and the Contractor.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) must be mutually agreed upon. The schedule must show payment amount and must reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy, statements must be forwarded to the designated representative by the 15th day of the following month.

The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the CCI, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must be pro-rated for any partial month.

2.046 Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of the Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with the Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under the Contract must constitute a waiver of all claims by Contractor against the State for payment under the Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 Electronic Payment Requirement

Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

2.050 Taxes

2.051 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes.

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for



the collection and remittance of sales and use taxes. In applying treasury regulations defining “two or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.061 Contractor Personnel Qualifications

All persons assigned by Contractor to the performance of Services under the Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of the Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for the Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

2.062 Contractor Key Personnel

- (a) The Contractor must provide the CCI with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State reserves the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State must provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements and appropriate transition planning must be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

2.063 Re-assignment of Personnel at the State’s Request

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State’s request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State’s request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for



the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location – Deleted/NA

2.065 Contractor Identification

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.066 Cooperation with Third Parties

Contractor must cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor must provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with the Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources

The Contractor must return to the State any State-furnished equipment, facilities, and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities

The Contractor must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

2.070 Subcontracting by Contractor

2.071 Contractor Full Responsibility

Contractor has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to Delegation

Contractor must not delegate any duties under the Contract to a Subcontractor unless the DTMB-Purchasing Operations has given written consent to such delegation. The State reserves the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a



removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

2.074 Flow Down

Except where specifically approved in writing by the State on a case-by-case basis, Contractor must flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

The Contractor must select Subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.080 State Responsibilities

2.081 Equipment

The State must provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

2.082 Facilities – Deleted/NA

2.090 Security

2.091 Background Checks

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel must agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.



2.092 Security Breach Notification

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI Data Security Requirements – Deleted/NA

2.100 Confidentiality

2.101 Confidentiality

Contractor and the State each acknowledge that the other possesses, and will continue to possess, confidential information that has been developed or received by it. As used in this Section, “Confidential Information” of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary, or with a similar designation. “Confidential Information” of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under the Contract, is marked as confidential, proprietary, or with a similar designation by the State. “Confidential Information” excludes any information (including the Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

2.103 Exclusions

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information,



provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.105 Respective Obligations

The parties' respective obligations under this Section must survive the termination or expiration of the Contract for any reason.

2.110 Records and Inspections

2.111 Inspection of Work Performed

The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

2.112 Examination of Records

For seven years after the Contractor provides any work under the Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor, including, but not limited to, the Contractor's actual costs, to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any Subcontractor of Contractor performing services in connection with this Contract.

2.113 Retention of Records

Contractor must maintain at least until the end of the Audit Period, all pertinent financial and accounting records (including time sheets and payroll records, information pertaining to the Contract, and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.114 Audit Resolution

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor must respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 Errors

- (a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as



a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the Contract, whichever is earlier.

- (b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10 percent, then the Contractor must pay all of the reasonable costs of the audit.

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under the Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under the Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under the Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under the Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in the Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into the Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under the Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-Purchasing Operations.

2.122 Warranty of Merchantability – Deleted/NA

2.123 Warranty of Fitness for a Particular Purpose – Deleted/NA

2.124 Warranty of Title – Deleted/NA



2.125 Equipment Warranty – Deleted/NA

2.126 Equipment to be New – Deleted/NA

2.127 Prohibited Products – Deleted/NA

2.128 Consequences For Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of the Contract.

2.130 Insurance

2.131 Liability Insurance

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of Services under the terms of the Contract, whether the Services are performed by the Contractor, or by any Subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under the Contract.

All insurance coverage's provided relative to the Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in the Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

The Contractor is required to pay for and provide the type and amount of insurance checked ☒ below:

- ☒ 1. Commercial General Liability with the following minimum coverage:
 - \$2,000,000.00 General Aggregate Limit other than Products/Completed Operations
 - \$2,000,000.00 Products/Completed Operations Aggregate Limit
 - \$1,000,000.00 Personal & Advertising Injury Limit
 - \$1,000,000.00 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- ☒ 2. If a motor vehicle is used to provide services or products under the Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.



The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED(S) on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☒ 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☒ 4. Employers liability insurance with the following minimum limits:

\$100,000.00 each accident
\$100,000.00 each employee by disease
\$500,000.00 aggregate disease

2.132 Subcontractor Insurance Coverage

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under the Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor must fully comply with the insurance coverage required in this Section. Failure of Subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.133 Certificates of Insurance and Other Requirements

Contractor must furnish to DTMB-Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverages afforded under the policies **MUST NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED** without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, DTMB. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three (3) years following the expiration or termination for any reason of the Contract. The minimum limits of coverage specified above are not intended, and must not be construed, to limit any liability or indemnity of Contractor under the Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in the Contract, or if any insurer cancels or significantly reduces any required insurance as specified in the Contract without the State's written consent, then the



State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 General Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of the Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Code Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under the Contract.



2.145 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 Indemnification Procedures

The procedures set forth below must apply to all indemnity obligations under the Contract.

- (a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under the Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor breaches the Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.



2.152 Termination for Cause

- (a) The State may terminate the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If the Contract is terminated for cause, the Contractor must pay all reasonable costs incurred by the State in terminating the Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by the Contract from other sources provided the State has made all reasonable efforts to mitigate its costs. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.
- (c) If the State chooses to partially terminate the Contract for cause, charges payable under the Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates the Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in the Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate the Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate the Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate the Contract in part, the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

- (a) Contractor acknowledges that, if the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of



time as the State may elect. The charges payable under the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

- (c) If the State terminates the Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

The State may terminate the Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25 percent or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded

The State may terminate the Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 Rights and Obligations upon Termination

- (a) If the State terminates the Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from the Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates the Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under the Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under the Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for Services and Deliverables provided under the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights



Any termination of the Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Termination by Contractor

2.161 Termination by Contractor

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate the Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under the Contract, (ii) breaches its other obligations under the Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.190** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If the Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 180 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175**.

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor must notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under the Contract. The Contractor must provide the State with asset management data generated from the inception of the Contract through the date on which the Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor must deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 Contractor Software Transition

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under the Contract. This must include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to



the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175 Transition Payments

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that the Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment must conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is



made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in the Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DTMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- (ii) During the course of negotiations, all reasonable requests made by one (1) party to another for non-privileged information reasonably related to the Contract must be honored in order that each of the parties may be fully advised of the other's position.
- (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (iv) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any



purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.204 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of the Contract in privity of contract with the Contractor must not be less than the wage rates and fringe benefits established by the Michigan Department of Energy, Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor must include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of the Contract in privity of contract with the Contractor must keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Energy, Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. The Contractor must keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with the Contract. This record must be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted must also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.210 Governing Law

2.211 Governing Law

The Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws

The Contractor must comply with indicated, amended or modified provisions of all applicable federal, state and local laws, rules and regulations. The Contractor must comply with all federal and state Medicaid and CHIP requirements, including, but not limited to current and future rules, policies,



guidelines, guidance and ordinances, notifications and notices in providing the Work and Deliverables required under the Contract.

2.213 Jurisdiction

Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

Notwithstanding the forgoing, the State agrees that Contractor's total liability to the State for any and all damages whatsoever arising out of or in any way related to this Contract from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed the lesser of \$87,810,275 or the total value of the Contract.

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

- (a) **Disclosure.** Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.
- (b) **Assurances.** If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:
 - (i) the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or
 - (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of the Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:



- (a) Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and
- (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor must make the following notifications in writing:
 - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Purchasing Operations.
 - (2) Contractor must also notify DTMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
 - (3) Contractor must also notify DTMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

Contractor and/or all Subcontractors involved in the performance of the Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of the Contract.

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate the Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under the Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

2.241 Time of Performance

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.



2.242 Service Level Agreements (SLAs)

- (a) SLAs will be completed with the following operational considerations:
 - (i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
 - (ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
 - (iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
 - (iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
 - 1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 - 2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) is defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service must not affect any tiered pricing levels.
- (c) Root Cause Analysis must be performed on any business critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor must provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals must be rounded to two decimal places, with five and greater rounding up and four and less rounding down, unless otherwise specified.

2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the readiness review tasks outlined in **Section 1.041B** of this Contract will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the readiness review tasks outlined in **Section 1.041B** of this Contract and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of \$7,500.00 per failure, and an additional \$250.00 per day per failure for each day Contractor fails to remedy the late or improper completion of the readiness review task.

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.



If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed \$50,000.00 per individual.

2.244 Excusable Failure

Neither party will be liable for any default, damage, or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military, or otherwise), power failure, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. but the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.250 Approval of Deliverables – Deleted/NA

2.260 Ownership

2.261 Ownership of Work Product by State

The State owns all Deliverables as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents, or other proprietary rights in the Deliverables.



2.262 Vesting of Rights

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.263 Rights in Data

- (a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor must not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor must not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.
- (b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State must not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 Ownership of Materials

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State. Any technology developed by the Contractor in the course of performance under the Contract and not an element of a Deliverable will be the sole property of the Contractor.

The Contractor must, upon Contract termination, also return or transfer to the State any published telephone numbers utilized for tasks associated with the Contract.

2.270 State Standards

2.271 Existing Technology Standards

The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.

2.272 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.



2.273 Systems Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration management procedures.

2.280 Extended Purchasing

2.281 MIDEAL

1984 PA 431 permits DTMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: www.michigan.gov/buymichiganfirst. Unless otherwise stated, the Contractor must ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor must supply Contract Services and equipment to these local governmental agencies at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices to, and pay the local unit of government, on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under the Contract, the quantities of Services and/or equipment purchased must be included in determining the appropriate rate wherever tiered pricing based on quantity is provided. Please Visit Mi DEAL at www.michigan.gov/buymichiganfirst under MiDeal.

Estimated requirements for authorized local units of government are not included in the quantities shown in the Contract.

2.282 State Employee Purchases – Deleted/NA

2.290 Environmental Provision

2.291 Environmental Provision

Hazardous Materials:

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation, or disposal of which is regulated by the federal, State, or local laws governing the protection of the public health, natural resources, or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

- (a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State, and local laws. The State must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was



not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State's convenience.

- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning:

The Contractor must comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to the Contract.

Environmental Performance:

Waste Reduction Program: Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by the Contract. The Contractor's programs must comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Other Provisions

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials

Equipment, materials, or supplies, that will be furnished to the State under the Contract must not be produced in whole or in part by forced labor, convict labor, forced or indentured child labor, or indentured servitude. "Forced or indentured child labor" means all work or service: exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.

2.312 Performance Bond

Contractor must furnish a bond as security for the faithful performance of the Contract according to its specifications, terms and conditions. The bond must be conditioned so that the surety will fully repay/reimburse the State all costs, expenses and damages, up to the amount of the bond, which may occur as a result of any default of the Contractor.

The bond amount required is 50 percent of the estimated annual premium collections for programs administered by the Contractor. Current premium collection estimates are \$2,500,000.00 annually.

The bond amount required is \$1,250,000.00



Attachment A, Pricing

Payment for services required under the Contract will be on a monthly fixed price basis unless otherwise specified in this attachment for each task identified in **Section 1.022** of the Contract and appearing in the Pricing Proposal Table that follows.

The Contractor should note the following:

- Sub-tasks associated with Beneficiary Helpline calls include all activities identified in **Section 1.022.A.**, including but not limited to mailing requested documents, updating a database as necessary or referring information to another work area or to MDCH via the CRM system.
- Sub-tasks associated with Health Plan Enrollment Information, Education and Assistance transactions include all activities identified in **Section 1.022.B.**, including but not limited to providing information, education and enrollment assistance and processing enrollments, disenrollments or changes in a beneficiary's enrollment status.
- There are a number of different mailings included in the activities identified in **Section 1.022.D.** A fixed monthly price, or prices if volume tiers are proposed, is required for all mailings except letters notifying beneficiaries of managed care disenrollment due to Medicare or selected commercial insurance coverage. For these notification letters or any other ad hoc mailing requested by MDCH a piece rate price is required.
- Administrative support for co-located DHS staff includes all requirements identified in **Section 1.022.G** and **Section 1.022.M.**
- Premium Collection volumes for the MICHild Program relate to the number of premiums collected and not to the number of children covered by the premiums. The fixed price includes all sub-tasks associated with activities identified in **Section 1.022.J.1.**
- For First Year Price, if transition is required, no payment will be made to the Contractor through March 31, 2011 and pricing in the First Year Price column must be effective April 1, 2011 through March 31, 2012. Subsequent price years will be from April 1 through March 31.

Attachment A, Pricing Table

Pricing Component	Reference	Method	First Year Price	Second Year Price	Third Year Price	Fourth Year Price	Fifth Year Price	Sixth Year Price
Beneficiary Helpline	1.022.A	a) Fixed price for monthly call volume up to 56,000, including all related sub-tasks	\$3,138,455.00	\$3,133,814.00	\$3,342,184.00	\$3,412,033.00	\$3,467,235.00	\$3,467,235.00
		b) Fixed price for monthly call volume at least 10% greater than 56,000, including all related sub-tasks	\$3,498,207.00	\$3,499,892.00	\$3,515,861.00	\$3,545,590.00	\$3,600,739.00	\$3,600,739.00
		c) Fixed price for monthly call volume at least 20% greater than 56,000, including all related sub-tasks	\$3,729,184.00	\$3,734,511.00	\$3,740,123.00	\$3,773,203.00	\$3,834,718.00	\$3,834,718.00
		d) Fixed price for monthly call volume at least 30% greater than 56,000, including all related sub-tasks	\$3,987,663.00	\$3,997,351.00	\$4,004,593.00	\$4,037,998.00	\$4,106,870.00	\$4,106,870.00
Health Plan Enrollment Information, Education and Assistance	1.022.B	a) Fixed price for monthly enrollment information, education and assistance for up to 70,000 transactions, including all related sub-tasks	\$4,035,185.00	\$3,996,566.00	\$4,148,095.00	\$4,216,648.00	\$4,249,570.00	\$4,249,570.00
		b) Fixed price for monthly enrollment information, education and assistance volume at least 10% greater than 70,000 transactions, including all related sub-tasks	\$4,290,042.00	\$4,254,676.00	\$4,282,609.00	\$4,308,288.00	\$4,344,785.00	\$4,344,785.00
		c) Fixed price for monthly enrollment information, education and assistance volume at least 20% greater than 70,000 transactions, including all related sub-tasks	\$4,452,296.00	\$4,419,397.00	\$4,437,114.00	\$4,467,098.00	\$4,508,365.00	\$4,508,365.00
		d) Fixed price for monthly enrollment information, education and assistance volume at least 30% greater than 70,000 transactions, including all related sub-tasks	\$4,632,778.00	\$4,602,829.00	\$4,615,990.00	\$4,650,934.00	\$4,697,638.00	\$4,697,638.00

Attachment A, Pricing Table

Automated Enrollment / Disenrollment	1.022.C	Fixed price for development and implementation of the algorithm to allow for the monthly automated enrollment and disenrollment process	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mailing Services	1.022.D	Fixed price for monthly mailings across all types except that a separate piece rate is required for special mailings. Up to 93,425 mailings	\$1,890,638.00	\$1,653,131.00	\$1,653,219.00	\$1,653,522.00	\$1,673,164.00	\$1,673,164.00
		Fixed price for monthly mailings across all types except that a separate piece rate is required for special mailings – at least 10% greater than 93,425 mailings	\$1,971,256.00	\$1,724,092.00	\$1,730,812.00	\$1,735,812.00	\$1,742,754.00	\$1,742,754.00
		Fixed price for monthly mailings across all types except that a separate piece rate is required for special mailings – at least 20% greater than 93,425 mailings	\$2,130,016.00	\$1,860,172.00	\$1,870,330.00	\$1,875,230.00	\$1,880,514.00	\$1,880,514.00
		Fixed price for monthly mailings across all types except that a separate piece rate is required for special mailings – at least 30% greater than 93,425 mailings	\$2,288,776.00	\$1,996,252.00	\$1,977,050.00	\$2,008,470.00	\$2,018,274.00	\$2,018,274.00
		Other Insurance and Medicare related mailings: PRICE PER MAILING	\$1.37	\$1.41	\$1.45	\$1.50	\$1.54	\$1.54
Outreach and Cooperation with Agencies	1.022.E	Fixed monthly price	\$1,423,945.00	\$1,439,901.00	\$1,451,249.00	\$1,462,979.00	\$1,491,944.00	\$1,491,944.00
Familiarity with Health Plans	1.022.F	Fixed monthly price	\$2,355.00	\$2,289.00	\$2,309.00	\$2,326.00	\$2,326.00	\$2,326.00

Attachment A, Pricing Table

Health Care Program Administration a) Administrative Support for co-located DHS staff, including space b) MICHild and Healthy Kids Medicaid	1.022.G & 1.022.M	a) Fixed price for monthly support of required sub-tasks	\$208,019.00	\$205,596.00	\$205,596.00	\$205,596.00	\$205,596.00	\$205,596.00
		b1.1) Fixed price for monthly call volume up to 14,500, including all related sub-tasks	\$484,982.00	\$492,166.00	\$541,728.00	\$557,082.00	\$574,105.00	\$574,105.00
		b1.2) Fixed price for monthly call volume at least 10% greater than 14,500, including all related sub-tasks	\$576,005.00	\$583,452.00	\$586,835.00	\$590,198.00	\$607,999.00	\$607,999.00
		b1.3) Fixed price for monthly call volume at least 20% greater than 14,500, including all related sub-tasks	\$632,591.00	\$640,792.00	\$643,023.00	\$646,021.00	\$665,462.00	\$665,462.00
		b1.4) Fixed price for monthly call volume at least 30% greater than 14,500, including all related sub-tasks	\$694,109.00	\$703,228.00	\$706,262.00	\$711,140.00	\$732,468.00	\$732,468.00
		b2) Fixed price for all other enrollment related sub-tasks						
		b2.1) Fixed price for Enrollments monthly volumes up to 12,600	\$1,317,053.00	\$1,342,633.00	\$1,359,740.00	\$1,372,157.00	\$1,414,669.00	\$1,414,669.00
		b2.2) Fixed price for Enrollments monthly volumes at least 10% greater than 12,600	\$1,361,915.00	\$1,389,738.00	\$1,401,791.00	\$1,419,180.00	\$1,463,082.00	\$1,463,082.00
		b2.3) Fixed price for Enrollments monthly volumes at least 20% greater than 12,600	\$1,452,786.00	\$1,482,575.00	\$1,501,174.00	\$1,514,133.00	\$1,561,060.00	\$1,561,060.00
		b2.4) Fixed price for Enrollments monthly volumes at least 30% greater than 12,600	\$1,543,658.00	\$1,575,412.00	\$1,589,557.00	\$1,609,087.00	\$1,659,037.00	\$1,659,037.00
		c) Plan First	\$487,413.00	\$480,780.00	\$482,511.00	\$490,932.00	\$500,128.00	\$500,128.00
		d) MOMS	\$40,925.00	\$41,749.00	\$42,033.00	\$42,757.00	\$44,134.00	\$44,134.00

Attachment A, Pricing Table

e) Program-related mailings		e) Fixed monthly price for all related sub-tasks up to 12,800 including all related sub-tasks	\$181,333.00	\$185,143.00	\$186,011.00	\$187,837.00	\$192,728.00	\$192,728.00
		Fixed price for MICHild Mailings monthly volumes at least 10% greater than 12,800 including all related sub-tasks	\$190,072.00	\$194,562.00	\$195,568.00	\$197,555.00	\$202,045.00	\$202,045.00
		Fixed price for MICHild Mailings monthly volumes at least 20% greater than 12,800 including all related sub-tasks	\$208,174.00	\$213,091.00	\$214,813.00	\$216,370.00	\$221,287.00	\$221,287.00
		Fixed price for MICHild Mailings monthly volumes at least 30% greater than 12,800 including all related sub-tasks	\$226,276.00	\$231,621.00	\$232,058.00	\$235,184.00	\$240,530.00	\$240,530.00
Online Application System	1.022.H	Fixed monthly price	\$101,722.00	\$98,889.00	\$99,748.00	\$100,464.00	\$100,464.00	\$100,464.00
Interactive Voice Response System	1.022.I	Fixed monthly price	\$56,512.00	\$54,938.00	\$55,416.00	\$55,813.00	\$55,813.00	\$55,813.00
Premium Collection – MICHild	1.022.J.1	a) Fixed price for monthly premium volume up to 22,000, including all related sub-tasks	\$337,778.00	\$340,456.00	\$343,556.00	\$347,159.00	\$354,056.00	\$354,056.00
		b) Fixed price for monthly premium volume at least 10% greater than 22,000, including all related sub-tasks	\$340,417.00	\$344,420.00	\$348,844.00	\$352,177.00	\$356,690.00	\$356,690.00
		c) Fixed price for monthly premium volume at least 20% greater than 22,000, including all related sub-tasks	\$347,545.00	\$351,812.00	\$353,236.00	\$359,833.00	\$364,346.00	\$364,346.00
		d) Fixed price for monthly premium volume at least 30% greater than 22,000, including all related sub-tasks	\$354,673.00	\$359,204.00	\$362,628.00	\$367,489.00	\$372,002.00	\$372,002.00

Attachment A, Pricing Table

Premium Collection – FTW Medicaid	1.022.J.2	a) Fixed price for monthly premium volume up to 50, including all related sub-tasks	\$3,061.00	\$2,976.00	\$3,002.00	\$3,023.00	\$3,023.00	\$3,023.00
		b) Fixed price for monthly premium volume at least 100% greater than 50, including all related sub-tasks	\$3,168.00	\$3,092.00	\$3,108.00	\$3,138.00	\$3,138.00	\$3,138.00
		c) Fixed price for monthly premium volume at least 500% greater than 50, including all related sub-tasks	\$3,600.00	\$3,548.00	\$3,540.00	\$3,594.00	3,594.00	\$3,594.00
Mihealth Card Service	1.022.K	a) Fixed price for monthly card volume up to 470,000, including all related sub-tasks	\$662,923.00	\$658,254.00	\$658,254.00	\$658,254.00	\$658,254.00	\$658,254.00
		b) Fixed price for monthly card volume at least 10% greater than 470,000, including all related sub-tasks	\$690,499.00	\$687,985.00	\$687,985.00	\$687,985.00	\$687,985.00	\$687,985.00
Total Year Price ¹ :			\$14,363,299.00	\$14,129,280.00	\$14,574,650.00	\$14,768,581.00	\$14,987,208.00	\$14,987,208.00

Total Six Year Contract Price ² :	\$87,810,275.00
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1: Total Year Price is the sum of the first / base tier. Does not include price for "other mailings" as noted in section 1.022.D with a per piece rate.

2: Total Six Year Contract Price is the sum of the Total Year Prices years one through six.